

No. 97-1287

Supreme Court, U.S.
FILED

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CLERK OF THE CLERK

IN THE
Supreme Court of the United States
OCTOBER TERM, 1997

HUGHES AIRCRAFT COMPANY AND
HUGHES NON-BARGAINING RETIREMENT PLAN,

Petitioners,

v.

STANLEY I. JACOBSON, DANIEL P. WELSH, ROBERT E.
MCMILLIN, ERNEST O. BLANDIN, AND RICHARD E. HOOK,

Respondents.

On Writ of Certiorari to the United States
Court of Appeals for the Ninth Circuit

JOINT APPENDIX

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PETITION FOR CERTIORARI FILED FEBRUARY 5, 1998
CERTIORARI GRANTED APRIL 27, 1998

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UNITED STATES DISTRICT COURTS
FOR THE DISTRICT OF ARIZONA AND
THE CENTRAL DISTRICT OF CALIFORNIA

STANLEY I. JACOBSON, DANIEL P. WELSH,
ROBERT E. MCMILLIN, ERNEST O. BLANDIN,
and RICHARD E. HOOK,

Plaintiffs,

v.

HUGHES AIRCRAFT COMPANY and HUGHES
NON-BARGAINING RETIREMENT PLAN,

Defendants.

CIVIL DOCKET FOR CASE NOS.
CIV-92-031 & CV-92-4020

| Date | No. | PROCEEDINGS |
|---------|-----|---|
| 1/21/92 | 1 | COMPLAINT filed. |
| | | * * * * |
| 2/20/92 | 5 | MOTION to transfer case by Hughes Aircraft Company and Hughes Non-Bargaining Retirement Plan [5-1]. |
| | | * * * * |
| 3/10/92 | 8 | MEMORANDUM in opposition by plaintiff to motion to transfer case by Hughes Aircraft Company and |

| Date | No. | PROCEEDINGS |
|---------|-----|---|
| | | Hughes Non-Bargaining Retirement Plan [5-1]. |
| | | * * * * |
| 3/13/92 | 10 | MOTION to dismiss by defendant [10-1], or, alternatively, for more definite statement by defendant [10-2], and to strike portions of complaint by defendant [10-3]. |
| 3/13/92 | 11 | DECLARATION by defendant regarding motion to dismiss by defendant [10-1], motion for more definite statement by defendant [10-2], and motion to strike portions of complaint by defendant [10-3]. |
| | | * * * * |
| 3/20/92 | 14 | REPLY MEMORANDUM in support of motion to transfer case by Hughes Aircraft Company and Hughes Non-Bargaining Retirement Plan [5-1]. |
| | | * * * * |
| 4/3/92 | 17 | DEMAND for jury trial by plaintiff. |
| | | * * * * |
| 4/17/92 | 19 | MEMORANDUM in opposition by plaintiff to motion to dismiss by defendant [10-1]. |

| Date | No. | PROCEEDINGS |
|---------|-----|---|
| | | * * * * |
| 5/7/92 | 22 | REPLY MEMORANDUM by Hughes Aircraft Company and Hughes Non-Bargaining Retirement Plan in support of motion to dismiss by defendant [10-1], motion for more definite statement by defendant [10-2], and motion to strike portions of complaint by defendant [10-3]. |
| 5/7/92 | 23 | SUPPLEMENTAL DECLARATION regarding motion to dismiss by defendant [10-1], motion for more definite statement by defendant [10-2], and motion to strike portions of complaint by defendant [10-3]. |
| 5/18/92 | 24 | MOTION to strike declarations by plaintiff [24-1]. |
| | | * * * * |
| 6/8/92 | 26 | MINUTE ENTRY Judge Initials: (JMR). Court Reporter: Chris Wright. Hearing: MOTION TO DISMISS/ MOTION TO TRANSFER ORDER taking under advisement on 6/8/92 the motion to dismiss by defendant [10-1], and motion to transfer case by Hughes Aircraft Company, Hughes Non-Bargaining Retirement Plan [5-1]. FURTHER ORDERED counsel to file additional |

| Date | No. | PROCEEDINGS |
|---------|-----|---|
| | | briefs regarding motion to dismiss by 06/10/92 (cc: all counsel). |
| | | * * * * |
| 6/10/92 | 28 | SUPPLEMENTAL BRIEF filed by Hughes Aircraft Company and Hughes Non-Bargaining Retirement Plan regarding motion to dismiss by defendant [10-1]. |
| 6/22/92 | 29 | ORDER by Judge John M. Roll that this case is transferred to the Central District of California. Accordingly this court declines to rule on defendants' motion to dismiss. Case transferred to District of California, Central District (cc: all counsel). |
| | | * * * * |
| 9/23/92 | 38 | NOTICE OF MOTION and motion to dismiss or alternatively motion for a more definite statement and to strike portions of the complaint, returnable on 10/19/92 at 10 a.m. by defendants Hughes Aircraft Company and Hughes Non-Bargaining Retirement Plan. |
| 9/23/92 | 39 | MEMORANDUM of points and authorities in support of motion to dismiss or alternatively for a more definite statement and to strike by defendants Hughes Aircraft Company |

| Date | No. | PROCEEDINGS |
|----------|-----|---|
| | | and Hughes Non-Bargaining Retirement Plan. |
| 9/23/92 | 40 | COPIES of Declarations of Ann L. Verhey and Bertha E. Garrison in support of motion to dismiss or alternatively for a more definite statement and to strike by defendants Hughes Aircraft Company and Hughes Non-Bargaining Retirement Plan. |
| 10/19/92 | 41 | MINUTE ORDER. Defendants' motion to dismiss, Court dismisses the action without prejudice -- defendant to prepare Order. |
| 10/28/92 | 42 | NOTICE OF MOTION and motion for relief from Order dismissing complaint: Declaration of Julius Mel Reich, Donna Moshay, and Christa Alejo, returnable on 12/7/92 at 10:00 a.m. |
| 11/23/92 | 43 | OPPOSITION to plaintiffs' motion for relief from order dismissing complaint. |
| 11/30/92 | 44 | REPLY in support of motion to be relieved from Order. |
| | | * * * * |

| Date | No. | PROCEEDINGS |
|----------|-----|--|
| 12/17/92 | 47 | REPLY memorandum in support of motion to dismiss or alternatively for a more definite statement and to strike. * * * * |
| 2/9/93 | 48 | ORDERED that defendants' motion to dismiss entire complaint and each cause of action therein, is granted without leave to plaintiffs to amend, that the entire action is dismissed on merits with prejudice, that defendants' motion for a more definite statement is deemed moot, and that defendants' motion to strike is deemed moot. |
| 2/9/93 | 49 | JUDGMENT AND ORDER that the complaint herein and each cause of action therein be dismissed without leave to amend, that the entire action be and hereby is dismissed on the merits with prejudice. |
| 3/2/93 | 50 | NOTICE OF APPEAL by plaintiffs Stanley I. Jacobson, Daniel Welsh, Robert McMillin, Ernest Blandin and Richard Hook to the Ninth Circuit Court of Appeals from District Court order and judgment entered 2/10/93. (cc: Jerome Tauber; Julius Mel Reich; Robert F. Walker; Leslie L. Abbott) Fee: paid. * * * * |

| Date | No. | PROCEEDINGS |
|----------|-----|--|
| 11/19/97 | 55 | NOTICE OF REASSIGNMENT of Case Upon Receipt of Mandate from the Ninth Circuit Court of Appeals. Case randomly reassigned to Judge Audrey B. Collins for all further proceedings. Case number now reads as CV90-4020 ABC (cc: all counsel). |
| 11/19/97 | 56 | CERTIFIED COPY of Appellate Court Order reversing and remanding the Decision of the District Court [Appeal 50-1]. Costs Taxed. * * * * |
| 12/15/97 | 61 | FIRST AMENDED COMPLAINT by plaintiffs; plaintiffs adding Richard E Hook, Roger Bilyeu, Beatrice A. Whyld, Bernard Winikur, Frank NMI Henderson, Richard D. Randall, Defendants Raytheon Company, Hughes Electronics, HE Holdings Inc., Hughes Defense, Hughes Electronics Non-Bargaining Retirement Plan, Hughes Defense Non-Bargaining Retirement Plan, Raytheon Non-Bargaining Retirement Plan; jury demand. Summons issued on first amended complaint. * * * * |
| 1/20/98 | 64 | ANSWER filed by defendant Hughes Non-Bargaining Retirement Plan, defendant Hughes Electronics, |

| Date | No. | PROCEEDINGS |
|---------|-----|---|
| | | defendant Raytheon Company, defendant Raytheon Non-Bargaining Retirement Plan to first amended complaint [61-1]; jury demand. |
| 2/19/98 | 65 | NOTICE OF MOTION AND MOTION by plaintiffs for class certification; motion hearing set for 9:30 a.m. 4/6/98. |
| 2/19/98 | 66 | DECLARATION of Julius Mel Reich by plaintiffs in support of motion for class certification [65-1]. |
| 2/19/98 | 67 | AFFIDAVIT of I. Philip Sipser by plaintiffs in support of motion for class certification [65-1]. |
| | | * * * * |
| 3/18/98 | 69 | JOINT REPORT of early meeting of counsel filed. Estimated length of trial parties unable to make an estimate of time given preliminary nature of discussions; Agreement and Stipulation. |
| 3/19/98 | 70 | STIPULATION and ORDER by Judge Audrey B. Collins: It is hereby ordered that the time which defendants may respond to plaintiffs' first set of interrogatories to defendants and plaintiffs' first request to produce documents for copying and inspection is extended to and including 30 days |

| Date | No. | PROCEEDINGS |
|------|-----|--|
| | | after the date upon which the retirement plan defendants issue their final determination resolving plaintiffs' claims and that plaintiffs' motion for class certification previously set for hearing on 4/6/98 is off calendar [65-1]. |

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

STANLEY I. JACOBSON, DANIEL P. WELSH,
ROBERT E. MCMILLIN, ERNEST O. BLANDIN,
and RICHARD E. HOOK,

Plaintiffs-Appellants,

v.

HUGHES AIRCRAFT COMPANY and HUGHES
NON-BARGAINING RETIREMENT PLAN,

Defendants-Appellees.

CIVIL DOCKET FOR CASE NO. 93-55392

| Date | PROCEEDINGS |
|------|-------------|
|------|-------------|

* * * *

| | |
|---------|---|
| 6/16/93 | OPENING BRIEF and 15 copies filed by Appellants Richard E. Hook, Ernest O. Blandin, Robert E. McMillin, Daniel P. Welsh, Appellant Stanley I. Jacobson (Informal: no) 38 pages and five excerpts of record in volumes; served on 6/11/93. |
|---------|---|

| Date | PROCEEDINGS |
|---------|---|
| 6/24/93 | MOTION and deputy clerk order filed: (Deputy Clerk: lp) The appellant's motion to expedite this case is granted in part. This case shall be calendared as soon as practicable. (Motion received 6/17/93). |
| | * * * * |
| 8/13/93 | BRIEF and 15 copies filed by appellees Hughes Non-Bargaining Retirement Plan and Hughes Aircraft Company. 50 page brief and 5 supplemental excerpts. Served on 8/13/93. |
| | * * * * |
| 9/13/93 | REPLY BRIEF and 15 copies filed by Richard E. Hook and Ernest O. Blandin (Informal: no) 20 pages; served on 9/8/93. |
| | * * * * |
| 11/4/93 | ARGUED AND SUBMITTED to Betty B. Fletcher, Harry Pregerson, and William A. Norris. |
| 6/10/94 | ADDITIONAL CITATIONS received from Robert Walker, Esq., counsel for appellees Hughes Aircraft Company, et al., letter dated June 9, 1994, served on 6/9/94. |
| 8/5/94 | ADDITIONAL CITATIONS received from Stanley I. Jacobson, served on 8/3/94. |

| Date | PROCEEDINGS |
|----------|--|
| 11/10/94 | ADDITIONAL CITATIONS received from Hughes Non-Bargaining Retirement Plan, served on 11/9/94. |
| 6/20/96 | ORDER filed (Betty B. Fletcher, Harry Pregerson, and William A. Norris): The parties are ordered to file simultaneous supplemental briefs not to exceed 20 pages no later than 7/15/96 on how the Supreme Court's ERISA decisions . . . affect the outcome in this case. |
| 7/12/96 | SUPPLEMENTAL BRIEF of 10 pages and 15 copies filed by Appellant Stanley I. Jacobson, served on 7/11/96. |
| 7/17/96 | SUPPLEMENTAL BRIEF of 20 pages and 15 copies filed by Appellees (Hughes Non-Bargaining Retirement Plan and Hughes Aircraft Company); served on 7/15/96. |
| | * * * * |
| 1/23/97 | OPINION filed: Reversed and Remanded (Terminated on the Merits after Oral Hearing; Reversed; Written, Signed, Published. Betty B. Fletcher; Harry Pregerson, author; William A. Norris, dissenting.) Filed and entered judgment. |
| | * * * * |
| 2/12/97 | MOTION filed by appellants for injunction pending appeal pursuant to Fed. R. App. P. 8, served on 2/10/97. |

| | |
|-------------|--------------------|
| <u>Date</u> | <u>PROCEEDINGS</u> |
|-------------|--------------------|

* * *

2/18/97 ORDER filed (Betty B. Fletcher, Harry Pregerson, William A. Norris): Appellees are ordered to file a brief in opposition to appellants' motion for an injunction pending appeal. The brief should not exceed 15 pages and should be filed by 2/19/97. Appellees should address the question whether this court should issue a preliminary injunction and how the proposed spin-off merger of Hughes with Raytheon will affect appellants' claims in this action. Appellants' reply brief of 10 pages is due 2/21/97.

2/19/97 SUPPLEMENTAL BRIEF of 15 pages filed by Appellees, served on 2/19/97.

2/20/97 PETITION for rehearing with suggestion for rehearing en banc of 15 pages and 40 copies filed by appellees, served on 2/20/97 (panel and all active judges).

* * *

3/7/97 ORDER filed (Betty B. Fletcher, Harry Pregerson, William A. Norris): In the circumstances presented to the court, appellants' motion for an injunction pending appeal is denied.

4/8/97 BRIEF of 13 pages and 40 copies filed by ERISA Industry Committee in support of

| | |
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| <u>Date</u> | <u>PROCEEDINGS</u> |
|-------------|--------------------|

appellees' petition for rehearing en banc; served on 2/19/97 (panel and all active judges).

4/8/97 BRIEF of 15 pages and 40 copies filed by Hughes Employees in support of appellees' petition for rehearing en banc; served on 2/19/97 (panel and all active judges).

4/8/97 BRIEF of 15 pages and 40 copies filed by Chamber of Commerce in support of appellees' petition for rehearing en banc; served on 2/20/97 (panel and all active judges).

4/8/97 BRIEF of 7 pages and 40 copies filed by Hughes Aircraft Retirees in support of appellees' petition for rehearing en banc; served on 2/19/97 (panel and all active judges).

4/8/97 BRIEF of 10 pages and 40 copies filed by Raytheon Company in support of appellees' petition for rehearing en banc; served on 2/20/97 (panel and all active judges).

4/8/97 BRIEF of 15 pages and 40 copies filed by Pension Benefit Guaranty Corporation in support of appellees' petition for rehearing en banc; served on 2/20/97 (panel and all active judges).

8/5/97 ORDER filed (Betty B. Fletcher, Harry Pregerson, William A. Norris): Appellants are requested to file a response to the petition for rehearing en banc within 20 days of the date of this order.

| Date | PROCEEDINGS |
|----------|--|
| | * * * |
| 9/5/97 | RESPONSE opposing petition for en banc rehearing filed by Appellants Richard E. Hook, Ernest O. Blandin, Robert E. McMillin, Daniel P. Welsh and Stanley I. Jacobson, served 9/4/97 (panel and all active judges). |
| | * * * |
| 9/8/97 | BRIEF of 15 pages and 40 copies filed by RCA and AT&T; served on 9/5/97 (panel and all active judges). |
| | * * * |
| 10/23/97 | ORDER and amended opinion filed (Judges Betty B. Fletcher, Harry Pregerson, and William A. Norris) (Original opinion id:) denying petition for en banc rehearing. |
| 10/24/97 | MOTION to reconsider denial of injunction pending appeal filed by appellants, served on 10/21/97. |
| | * * * |
| 10/29/97 | RESPONSE opposing appellants' motion to reconsider order of the Court filed by Appellees Hughes Non-Bargaining Retirement Plan and Hughes Aircraft Company, served on 10/29/97. |
| 10/31/97 | ORDER filed (Betty B. Fletcher, Harry Pregerson): The motion for reconsideration of |

| Date | PROCEEDINGS |
|----------|--|
| | the denial of the injunction is denied. We do this in light of Hughes' assurance that after the merger, the surviving entity is Hughes, and that it has expressly bound itself to assume all the liabilities that may be incurred by the defendants in this litigation. |
| | * * * |
| 11/5/97 | MOTION to transfer consideration of attorneys' fees on appeal to district court filed by appellants, served on 11/3/97. |
| 11/10/97 | MANDATE ISSUED. Costs Taxed. |
| 11/21/97 | OBJECTIONS to request to transfer and request for attorneys' fees filed by appellees, served on 11/19/97. |
| 11/26/97 | ORDER filed (Betty B. Fletcher, Harry Pregerson, and William A. Norris): Appellant's motion for an order awarding fees on their successful appeal and directing the district court to determine the amount of fees, or in the alternative transferring consideration of fees on appeal to the district court is denied. . . . Accordingly, appellants' motion is denied. |
| 12/2/97 | MOTION for clarification of order amending opinion filed by Hughes Non-Bargaining Retirement Plan and Hughes Aircraft Company, served on 11/25/97. |
| | * * * |

Date PROCEEDINGS

1/23/98 ORDER for publication filed (Betty B. Fletcher, Harry Pregerson, and William A. Norris): In response to the motion for clarification filed by defendants/appellees Hughes on 12/2/97, the order amending opinion and denying petition for rehearing, filed 10/23/97, is clarified and amended as follows: (see order for text).

* * * *

**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA**

STANLEY I. JACOBSON, DANIEL P. WELSH,
ROBERT E. MCMILLIN, ERNEST O. BLANDIN,
and RICHARD E. HOOK,

Plaintiffs,

v.

HUGHES AIRCRAFT COMPANY and HUGHES
NON-BARGAINING RETIREMENT PLAN,

Defendants.

**COMPLAINT FOR ENFORCEMENT
OF RIGHTS UNDER ERISA**

Plaintiffs, by their undersigned attorneys, complain as follows:

NATURE OF THE ACTION

1. This is a class action for breach of statutory and fiduciary duties and to enforce the rights of pension plan participants arising under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), 29 USC §§ 1001 et seq. and under the terms of the plan. The Plaintiffs, retired participants in the defendant Hughes Non-Bargaining Retirement Plan (the "Plan"), seek an order and judgment declaring that they have a vested right to all or a portion of the excess Plan assets and requiring the Defendants to utilize all or a portion of such excess Plan assets to provide plaintiffs and

the class they represent with improved pension benefits, together with an award of attorney's fees and the costs of the action.

2. Plaintiffs and the class they represent, during the term of their active employment with Hughes, made periodic mandatory contributions to the Plan. Over the years, as a result of these employee and employer contributions and of investment growth earned by the contributions, a substantial surplus accumulated in the Plan, that is, the value of the Plan assets far exceeded the pension liabilities.

3. As a result of this accumulated excess Hughes, after being acquired by the General Motors Corporation, ceased making contributions to the Plan and has not made any contributions since 1986, utilizing excess Plan assets to meet its funding obligations. During the same period of time that Hughes made no contributions, participating active employees were required to continue to make contributions to the Plan and are required to continue to do so to date. Effective January 1, 1991, Hughes created a new non-contributory plan and terminated new enrollment in the contributory Plan.

4. Plaintiffs contend that the exclusive utilization of the excess pension assets by the defendants for their sole use and benefit is in violation of various provisions of ERISA and part of an unlawful plan to obtain for Hughes' own use, Plan assets belonging to and dedicated to the exclusive benefit of plaintiffs and the class they represent. Plaintiffs' further contend that the Plan was terminated on January 1, 1991, entitling the participants to an equitable distribution of the surplus assets in the form of improved benefits.

PARTIES

5. Defendant Hughes Aircraft Company ("Hughes") is a corporation which does business at Tucson, Arizona.

6. Defendant Hughes Non-Bargaining Retirement Plan (the "Plan"), is an employee benefit pension plan as defined in Section 2(3) of ERISA, 29 U.S.C. § 1002(3). The Plan does

business in Tucson, Arizona. The Plan is sponsored by Hughes which is an employer, employee benefit plan sponsor and plan administrator pursuant to Section 3(5) and (16) of ERISA, 29 U.S.C. § 1002(5) and (16).

7. Plaintiffs Stanley I. Jacobson, Daniel P. Welsh, Robert E. McMillin, Ernest O. Blandin and Richard E. Hook are retired employees of Hughes and are participants in and beneficiaries of the Plan as defined in Section 3(7) and (8) of ERISA, 29 U.S.C. §§ 1002(7) and (8). Plaintiffs reside in Tucson, Arizona.

JURISDICTION AND VENUE

8. The Court has jurisdiction pursuant to Sections 409(a) and 502(a), (e) of ERISA, 29 U.S.C. § 1114(a) and, 1132(a), (e) and under 28 U.S.C. §§ 1331 and 1337.

9. Venue is proper pursuant to Section 502(e)(2) of ERISA, 29 U.S.C. § 1132(e)(2) because the Plan does business and the Defendants reside or may be found in this District.

CLASS ACTION ALLEGATIONS

10. This action is commenced pursuant to Fed. Rules Civil Pro. Rule 23(b)(1) & (2) as a class action on behalf of a class consisting of all participants of the Plan who are or may become eligible to receive retirement benefits under the Plan.

11. The class members are so numerous that joinder of all persons is impracticable. The class consists of over 10,000 members. There are questions of law and fact common to the class such as (a) whether a termination of the Plan has occurred requiring the equitable distribution of surplus assets to Plan participants; and (b) whether defendants have breached their fiduciary obligations under ERISA by utilizing surplus Plan assets attributable to employee contributions for the sole and exclusive benefit of Hughes rather than for the benefit of Plan participants.

12. The claims of the representative parties are typical of the claims of the classes, and the representative parties will

fairly and adequately represent the interests of the classes. Plaintiffs Stanley Jacobson, Daniel Welsh, Robert E. McMillin, Ernest O. Blandin and Richard E. Hook are participants in the Pension Plan. They were all employed by Hughes for over 5 years prior to their retirements. Their claims are typical of those of the class members.

MATERIAL FACTS

13. Hughes is an aerospace and electronics systems manufacturing company. It was acquired by the General Motors Corporation in 1985 and became a subsidiary of the GM Hughes Electronics Corporation which is a wholly owned subsidiary of the General Motors Corporation.

14. The Plan is one of two plans resulting from the split of the Hughes Retirement Plan, originally effective January 1, 1955, and subsequently amended from time to time. The other plan resulting from the split is the Hughes Bargaining Retirement Plan.

15. The Plan is governed and its terms are evidenced by an agreement executed by Hughes on or about January 1, 1980 and thereafter amended from time to time. The Plan is a qualified pension plan which is intended to comply with the provisions of ERISA and of Section 401 and other applicable provisions of the Internal Revenue Code.

16. Effective January 1, 1991 the Plan was terminated and replaced by a new non-contributory plan covering all non-bargaining employees employed after August 1, 1990 and all non-bargaining employees employed prior to August 1, 1990 who elected not to participate in the Plan. The termination of the contributory Plan and the terms of the new non-contributory plan are evidenced by a document executed by Hughes on April 4, 1991.

17. The Plan provides retirement benefits to eligible retired non-bargaining (non-union) Hughes employees who participated in the Plan and to their eligible beneficiaries, including the plaintiffs.

18. Under the terms of Section 3.4 of the Plan, as a condition of admission to and continued active participation in the Plan, each participant was required to make a contribution to the Plan. In most instances, such contributions were withheld from the participants' pay by the company during each payroll period.

19. Under the terms of Section 3.1 of the Plan, the cost of benefits under the Plan, to the extent not provided by contributions of Participants as provided by contributions of the company not less than in such amounts and at such times as are necessary to fund benefits under the Plan.

20. Under the terms of Section 3.7 of the Plan the administrator is required to maintain a participant Contributions Account for each participant who has made contributions to the Plan.

21. Commencing in 1974 (the year ERISA was enacted) the following contributions to the Plan were made by the active participants and by the company:

| Plan Year | Employee | Employer |
|-----------|------------|------------|
| 1974 | 13,621,214 | 27,242,428 |
| 1975 | 15,462,525 | 36,338,253 |
| 1976 | 19,955,945 | 50,575,021 |
| 1977 | 18,086,393 | 49,643,953 |
| 1978 | 20,701,322 | 65,044,140 |
| 1979 | 22,552,274 | 60,609,646 |
| 1980 | 22,606,766 | 59,789,473 |
| 1981 | 26,088,475 | 82,512,517 |
| 1982 | 30,882,960 | 47,137,426 |
| 1983 | 36,292,781 | 92,571,925 |

| Plan Year | Employee | Employer |
|--------------|--------------------|--------------------|
| 1984 | 39,265,444 | 82,300,148 |
| 1985 | 38,718,786 | 24,139,676 |
| 1986 | 30,359,559 | 20,782,539 |
| 1987 | 44,981,446 | 0 |
| 1988 | 43,245,527 | 0 |
| 1989 | 47,317,008 | 0 |
| 1990 | 42,915,410 | 0 |
| TOTAL | 513,053,835 | 698,687,145 |

22. At the end of the 1990 Plan year (December 31, 1990) employee contributions since 1974 totaled \$513,053,835 and employer contributions totaled \$698,687,145.

23. As a result of these contributions and of investment growth of both employer and employee contributions to the Plan, a very substantial overfunding has occurred. By the end of 1985 Plan year assets exceeded the actuarial (present value of accrued benefits) (PVAB) by almost one billion (\$1,000,000,000) dollars. As of December 31, 1986, the current value of assets accumulated in the Plan was \$2,840,371,000 whereas the present value of accumulated benefits (vested and non-vested) was \$1,732,124,000 leaving a surplus in excess of one billion (\$1,000,000,000) dollars. The following shows the net Plan assets (assets available for benefits) and benefit liabilities (present value of accumulated benefits, vested and non-vested) since 1986 at the beginning of each Plan year:

| Plan Year | Net Assets | PVAB | Excess |
|-----------|---------------|---------------|---------------|
| 1986 | 2,421,752,000 | 1,448,529,000 | 973,223,000 |
| 1987 | 2,840,371,000 | 1,732,124,000 | 1,108,247,000 |
| 1988 | 2,993,728,000 | 1,833,520,000 | 1,160,208,000 |
| 1989 | 3,286,400,000 | 2,095,377,000 | 1,191,023,000 |
| 1990 | 3,853,602,000 | 2,644,837,000 | 1,208,765,000 |

24. At the time General Motors acquired Hughes, on December 31, 1985, the Plan already had accumulated a substantial overfunding. At the same time, the General Motors retirement plan was enormously underfunded. GM's current plan underfunding exceeded seven billion (\$7,000,000,000) dollars and was listed by the Pension Benefit Guaranty Corporation as one of the most underfunded pension plans in the country.

25. Shortly after GM acquired control, Hughes ceased making any contributions to the Plan. No Hughes contributions were made from 1986 to the 1990 Plan year. During the same period of time Hughes has continued to require employee contributions. Hughes, under GM's control, has in effect utilized the surplus Plan assets to meet its funding obligations even though a substantial portion of that surplus was generated by employee contributions and their earnings.

26. In 1989 Hughes amended the Plan to provide for an Operational Transition Plan (OTP) which provided significant additional retirement benefits out of Plan assets to certain eligible employees. The purpose of the OTP was to induce certain active employed Plan participants to elect early retirement so as to reduce the workforce and Hughes payroll costs. OTP benefits were made available only to participants who were active employees at the time of the adoption of the

OTP amendment who met certain arbitrary requirements established by Hughes and were not made available to employees who retired prior to the adoption of the OTP amendment or who did not meet the arbitrary requirements.

27. In 1990, Hughes announced that it was creating a new non-contributory retirement plan, effective January 1, 1991, for non-bargaining employees and terminating future enrollment in the contributory Plan. All new salaried employees will automatically become participants in the new non-contributory plan and active employees who were participants in the contributory Plan were given the option of becoming participants in the new non-contributory plan. Active salaried employees who were not participants in the contributory Plan were given the option of joining the Plan or automatically becoming participants in the new non-contributory plan. Effective January 1, 1991 no new participants will be enrolled in the contributory Plan.

28. The retirement benefits provided under the new non-contributory plan are significantly less costly than the benefits provided under the contributory Plan.

29. By creating such a new non-contributory plan Hughes will not have to make any further contributions on behalf of participants of the contributory Plan as the assets of the Plan are substantially in excess of those required to fund all current and future pensions of participants of the contributory Plan.

30. Hughes will not be required to make any further contributions to fund benefits of participants of the contributory Plan but may instead improperly attempt to utilize such surplus Plan assets to fund benefits of participants in the new non-contributory plan.

AS FIRST CAUSE OF ACTION PURSUANT TO SECTION 403(c)(1) OF ERISA

31. ERISA § 403(c)(1), 29 U.S.C. § 1103(c)(1) provides that the assets of a plan shall never inure to the benefit of any employer and shall be held for the exclusive purpose of providing benefits to participants in the plan and their beneficiaries.

32. Defendants have violated Section 403 of ERISA by utilizing excess Plan assets attributable to employer and employee contributions for the sole and exclusive benefit of the employer and to the detriment of plaintiffs and the class they represent.

AS A SECOND CAUSE OF ACTION PURSUANT TO SECTION 404 OF ERISA

33. Defendants owe Plaintiffs and the class they represent the fiduciary duty pursuant to ERISA § 404, (a)(1)(A)(B) 29 U.S.C. § 1104, (A)(1)(A)(B) to discharge their duties for the exclusive purpose of providing benefits to participants and their beneficiaries and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

34. Defendants breached their fiduciary duty to the plaintiffs and the class they represent by utilizing excess Plan assets attributable to employer and employee participant contributions for the exclusive benefit of defendant Hughes rather than for the benefit of Plan participants and their beneficiaries.

AS A THIRD CAUSE OF ACTION PURSUANT TO ERISA § 1033 & 1034

35. ERISA § 203(a), 29 USC § 1053(a), requires that employees be 100% vested in their *own contributions* to a pension plan and that pursuant to 29 U.S.C. § 1053(a)(1), "an

employee's rights in his accrued benefits derived from his own contributions are non-forfeitable."

36. Defendants violated ERISA § 203 by using assets attributable to employees own contributions to meet defendants funding obligations and have therefore caused a divestiture and forfeiture of rights.

**AS A FOURTH CAUSE OF ACTION
PURSUANT TO ERISA § 4404**

37. ERISA § 4404, 29 U.S.C. § 1344 provides for the distribution of excess plan assets attributable to employer and employees contribution in the event that a plan is terminated.

38. ERISA § 4404(d)(3)(B)), 29 USC § 1344(d)(3) (B), provides that all residual assets attributable to employee contributions must be distributed to employees.

39. ERISA § 4404(d)(1), 29 U.S.C. § 1344(d)(1)), provides that the Employer may revert excess assets to itself only if:

- i. All liabilities of the plan have been satisfied;
- ii. The distribution does not contravene any provision; and
- iii. The plan provides for such reversion.

40. ERISA § 4404(d)(1), 29 U.S.C. § 1344(d)(2)(A) (B) (the "Pension Protection Act") provides that any amendment to the plan which permits reversion of surplus assets to the employer upon termination of the plan or increases the amount of the reversion shall not be effective until five years after the amendment was adopted (unless the plan is less than 5 years old in which case if the plan always had the reversion provision it is effective).

41. Under the provisions of ERISA § 4404(D)(3)(A), 29 U.S.C. § 1344(d)(3)(A), before any surplus Plan assets can be distributed to the employer any surplus assets attributable to employee contributions must first be "equitably distributed" to

the employees who made the contributions or to their beneficiaries.

42. Defendants, by creating a new non-contributory plan for all salaried employees employed on or after January 1, 1991 and for all salaried employees employed prior to January 1, 1991 who did not elect to participate in the Plan have, effective January 1, 1991 terminated the Plan within the meaning of ERISA § 4404, 29 USC § 1344 and as such are required to distribute excess assets attributable to employee contribution to the Plan participants in accordance with ERISA § 4404, 29 USC § 1344.

43. The Plan does not contain any provision for reversion of excess assets to the employer upon termination and therefore all excess assets attributable to employer contributions must also be distributed to the participants.

**AS AND FOR A FIFTH CAUSE OF ACTION
PURSUANT TO § 403-405 OF ERISA**

44. ERISA §§ 403, 404 & 405, 29 USC §§ 1103, 1104 & 1105 impose certain fiduciary duties upon plan fiduciaries.

45. ERISA § 403(c)(1), 29 USC § 1103(c)(1) requires that plan assets "shall be held for the exclusive purposes of providing benefits to participants in the plan and their beneficiaries and defraying reasonable expenses of administering the plan."

46. ERISA § 404(1)(A), 29 USC § 1104(1)(A) provides that plan fiduciaries shall expend fund assets for the exclusive purpose of "providing benefits to participant and their beneficiaries" and for "defraying reasonable expenses of administering the plan."

47. ERISA § 406(a)(1)(D), 29 USC § 1106(a)(1)(D) prohibits plan fiduciaries to "transfer to, or use by or for the benefit of, a party in interest, of any assets of the plan."

48. Section 6.5(b) of the Plan provides that no amendment shall be made at any time under which any part of the Trust

Fund may be diverted to purposes other than for the exclusive benefit of the participants and their beneficiaries.

49. The defendants intend to divert assets of the Plan to pay benefits to participants of the new non-contributory plan who are not participants in the Plan.

50. Paying benefits from assets of the Plan to persons who are not participants of the Plan would be in violation of ERISA §§ 403 and 404, 29 USC §§ 1103 and 1104 and of Section 6.5(d) of the Plan which prohibit using Plan assets for anyone other than Plan participants and their beneficiaries.

51. Paying benefits from assets of the Plan to participants of the new non-contributory plan constitutes a unlawful transfer of assets from the Plan to the new plan for the benefit of defendant Hughes, a party in interest as defined in ERISA § 3(14), 29 USC § 1002(14), which, under the terms of the new non-contributory plan, is required to fund all such benefits. Such a transfer of assets is prohibited by ERISA § 406(a)(1)(D), 29 USC § 1106(a)(1)(D).

**AS AND FOR A SIXTH CAUSE OF ACTION
PURSUANT TO ARTICLE V § 5.2 OF THE PLAN**

52. ERISA § 404(a)(1)(D), 29 U.S.C. § 1104(a)(1)(D) provides that the plan fiduciaries shall carry out their duties "in accordance with the documents and instruments governing the plan."

53. ERISA § 502(a)(1)(B) provides, in part, that a plan participant or beneficiary may bring an action to "enforce his rights under the terms of the plan."

54. Article V § 5.2 of the Plan provides in relevant part that the "Plan shall be administered, interpreted and applied fairly and equitably and in accordance with the specified purpose of the Plan."

55. Defendants provided OTP benefits out of Plan assets in a discriminatory manner by making such benefits available only to certain participants who were active employees of

Hughes at the time of the adoption of the OTP amendment and not to existing retirees and certain other Plan participants. Defendants, by providing OTP benefits in such a discriminatory manner, breached the terms of Article V § 5.2 of the Plan and of ERISA.

RELIEF

56. Wherefore Plaintiffs request a judgment against the Defendants:

a. Equitably distributing all excess Plan assets attributable to employer contributions to the Plan participants in the form of improved benefits;

b. Equitably distributing all excess Plan assets attributable to employee contributions to Plan participants in the form of improved benefits;

c. Enjoining the defendants from using or diverting any assets of the Plan for the purposes of paying benefits under or administering the non-contributory plan;

d. Appointing a neutral trustee to administer the Plan in accordance with the provisions of ERISA and the judgment of this Court;

e. Ordering the defendant Hughes Aircraft Company to restore to the Plan all Plan assets used to pay OTP benefits and/or pension benefits to persons who are not participants of the contributory Plan.

f. Awarding plaintiffs reasonable attorneys fees, costs and disbursements incurred in connection with the prosecution of this action;

g. Granting such other and further relief as the Court deems equitable, just and proper.

SERVICE REQUIRED BY ERISA

57. A copy of this Complaint has been served on the Secretary of Labor and Secretary of the Treasury pursuant to Section 502(h) of ERISA, 29 U.S.C. § 1132(h).

Dated: New York, New York
January 17, 1992

Yours, etc.
JEROME TAUBER, A Member of
**SIPSER, WEINSTOCK, HARPER
& DORN**

/s/ Jerome Tauber
JEROME TAUBER

- and -

SALLY HART WILSON, of
BOGUTZ AND GORDON, P.C.

/s/ Sally Hart Wilson
SALLY HART WILSON
Attorneys for Plaintiffs

**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA**

STANLEY I. JACOBSON, DANIEL P. WELSH,
ROBERT E. MCMILLIN, ERNEST O. BLANDIN,
and RICHARD E. HOOK,

Plaintiffs,

v.

HUGHES AIRCRAFT COMPANY and HUGHES
NON-BARGAINING RETIREMENT PLAN,

Defendants.

CASE NO. CIV-92-031-TUC JMR

**DECLARATION OF ANN L. VERHEY
IN SUPPORT OF DEFENDANTS' MOTIONS TO
DISMISS, FOR A MORE DEFINITE STATEMENT,
AND TO STRIKE PORTIONS OF THE COMPLAINT**

I, Ann L. Verhey, hereby declare as follows:

1. I am a citizen of the United States and a resident of Los Angeles, California. I am presently employed by Hughes Aircraft Company ("Hughes") in the position of Assistant Treasurer, and I have been employed by Hughes since 1983. I have either personal knowledge of or access to records containing the facts set forth in this Declaration and, if called as a witness, could and would competently testify about them under oath.

2. I have held the position of Assistant Treasurer at Hughes since January 1988. In this position I am responsible for administering the financial aspects of Hughes' benefit and insurance programs, including the retirement plan for non-bargaining employees. Records concerning the Hughes Non-Bargaining Retirement Plan (the "Plan"), including copies of the Plan itself and its amendments, are maintained under my direction and control. These records are maintained in the ordinary course of business and I utilize these records in performing my functions for Hughes.

3. Attached hereto as Exhibit "1" and incorporated herein by this reference is a true and correct copy of the Hughes Non-Bargaining Retirement Plan as it existed in 1990, or just prior to the amendments which became effective January 1, 1991. At the end of 1990 the Plan consisted of the Plan executed on October 30, 1985, an amendment executed on December 23, 1986, an amendment executed on March 29, 1988, and an amendment executed on November 28, 1989. The Plan is a defined benefit plan and, as of 1990, provided a contributory benefit structure only.

4. Attached hereto as Exhibit "2" and incorporated herein by this reference is a true and correct copy of the Hughes Non-Bargaining Retirement Plan as amended effective January 1, 1991. The Plan as executed on April 4, 1991, remains a single defined benefit plan and is amended to provide two benefit structures, one of which is a contributory benefits structure and the other of which is a non-contributory benefits structure.

5. In the Fall of 1990, the active employee participants in the Plan were given the opportunity to elect either the contributory benefits structure or the non-contributory benefits structure of the Plan to become effective January 1, 1991. In fact, in 1990 approximately 2% of the employee participants participating in the contributory benefits structure elected to change to the non-contributory benefits structure. As of the beginning of 1991, approximately 66,000 Plan participants were accruing benefits under, receiving benefits under, or were

terminated employees with vested benefits in, the contributory benefits structure.

I declare, under penalty of perjury under the laws of the state of California and the United States of America, that the foregoing is true and correct. This Declaration is executed on March 12, 1992, at Los Angeles, California.

/s/ Ann L. Verhey
ANN L. VERHEY

EXHIBIT 1

AMENDMENT TO HUGHES
NON-BARGAINING RETIREMENT PLAN

THIS AGREEMENT, executed by HUGHES AIRCRAFT COMPANY, a corporation organized under the laws of the State of Delaware (hereinafter "Company"), evidences the terms of an Amendment to the Hughes Non-Bargaining Retirement Plan. This Amendment, together with the Plan executed on the 30th day of October, 1985, the Amendment executed on the 23rd day of December, 1986, and the Amendment executed on the 29th day of March, 1988, constitutes the entire Plan.

* * * *

2. Section 4.12(d) shall be deleted in its entirety and the following substituted in its place:

(d) Within a reasonable period of time before the applicable election period, each Participant or Former Participant who may be affected by this Section shall be furnished, by mail or personal delivery, with a written explanation of:

(i) a general description of the terms and conditions of the joint and survivor annuity available under this Section and the circumstances under which the Benefit will be so paid,

(ii) the availability of the election described in subsection (f), and the effect of such an election,

(iii) the rights of the Participant's spouse under subsection (f), and

(iv) the right of a Participant to revoke a previous election under subsection (f) and the effect of such revocation.

3. Section 4.12(e) shall be deleted in its entirety and the following substituted in its place:

(c) The applicable election period under subsection (d) shall be for the joint and survivor annuity available under this Section, the ninety day period ending on the Annuity Starting Date.

4. Section 4.12(i) shall be deleted in its entirety and the following substituted in its place:

(i) Any election made under subsection (f) will be effective only if the Participant or Former Participant's spouse signs a written consent and the spouse's signature is witnessed by a Plan representative or Notary Public. If the Participant or Former Participant establishes to the satisfaction of the Administrator that such a written consent cannot be obtained because the spouse cannot be located, the election will be deemed to be effective without the written consent of the spouse.

5. Section 4.14(b) shall be deleted in its entirety and the following substituted in its place:

(b) If a Participant's age is 55 or older, has a Separation from the Service due to his death, or has a Separation from the Service because of retirement but dies prior to the first day of the month coinciding with or next following retirement within which the initial payment of any benefit is or would be payable to him, and leaves a surviving spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall in accordance with the Rules of the Plan elect to receive either the Benefit described in subsection (c) or the Benefit described in subsection (d). In the event benefits are paid under this subsection, then no beneficiary (other than the spouse) shall be entitled to receive benefits under the Plan, except as provided in subsection (c)(ii).

6. Section 4.14(e) shall be deleted in its entirety and the following substituted in its place:

(e) Unless the provisions of Section 4.14(b) apply, if a Participant dies with a Vested Retirement Benefit or if a

Former Participant dies with a Vested Retirement Benefit after a Separation from the Service, and such death is prior to the due date of the first monthly Benefit payable to him under the Plan and if he is survived by the spouse to whom he was married throughout the three hundred and sixty-five day period immediately preceding his death, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a survivor annuity consisting of:

(i) if the Former Participant dies after his earliest retirement age, such spouse shall, in accordance with the Rules of the Plan, elect to receive either the benefit described in subsection a or the benefit described in subsection b.

a. The Benefit described in this subsection shall consist of:

i. a monthly payment to such spouse on the first day of each calendar month commencing with the month following the month of such Former Participant's death, and continuing through the month of such spouse's death, in an amount equal to the monthly Benefit which such spouse would have received under Section 4.11(b)(i) had the Former Participant retired immediately prior to his death and elected under Section 4.11(b) to receive monthly payments of his Early Retirement Benefit, Normal Retirement Benefit or Late Retirement Benefit, as the case may be, in the form of a fixed annuity contract naming such spouse as Contingent Annuitant and providing that such monthly payments to the surviving Contingent Annuitant after the Former Participant's death should be equal to the payments to the Former Participant during his life, and

ii. upon the death of such spouse, payment in cash in a lump sum to such Former Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of the sum described in

Section 4.2(a)(ii)a, over the aggregate of all payments made under paragraph i.

b. The Benefit described in this subsection shall consist of:

i. a lump sum payment payable not later than the end of the Plan Year following the Plan Year of the death of such Former Participant to the surviving spouse in an amount equal to the sum referred to in Section 4.2(a)(ii)a, and

ii. a monthly payment, on the first day of each calendar month commencing with the month following the month of such Former Participant's death, and ending with the month of such spouse's death, in an amount Actuarially Equivalent to the sum of the Participant's Accrued Benefit Derived from Company Contributions, and an amount Actuarially Equivalent to the excess, if any of his Accrued Benefit Derived from Participant Contributions over the Benefit provided for under this subparagraph b as computed without regard to this subparagraph i.

(ii) If the Participant or Former Participant dies prior to his earliest retirement age, a monthly payment commencing on the first day of the calendar month following the month in which the Participant or Former Participant would have attained his earliest retirement age and ending with the calendar month in which the spouse dies, equal to 50% of the monthly amount the Participant or Former Participant would have received if he retired electing a joint and survivor annuity under Section 4.12, and if such Participant had:

a. a Separation from the Service on the date of death,

b. survived to the earliest retirement age,

c. retired with an immediate qualified joint and survivor annuity at the earliest retirement age,

d. died on the day after the day on which such Participant would have attained the earliest retirement age, and

e. in the case of an individual who has a Separation from the Service before the date of such individual's death, subparagraph a shall not apply; plus

(iii) upon the death of such spouse, payment shall be made in cash in a lump sum to such Participant or Former Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of:

a. the sum described in Section 4.2(a)(ii)a over

b. the aggregate of all payments made under subsection (e).

(f) Subsection (e) shall apply only if:

(i) a Participant has at least one Hour of Service with the Company on or after August 23, 1984; or

(ii) a Participant has at least one Hour of Service on or after January 1, 1976, and when such Participant incurred a Separation from the Service he had ten or more Years of Vesting Schedule Service; or

(iii) a Participant who has an Hour of Service on or after September 2, 1974 was employed by the Company after the earliest date on which such Participant was eligible for early retirement benefits under the Plan; and

(iv) such Participant dies after August 23, 1984 prior to reaching his Annuity Starting Date.

* * * *

8. A new Article VIII shall be added to the Plan as follows:

ARTICLE VIII

ORGANIZATION TRANSITION PLAN RETIREMENT BENEFIT

Section 8.1 - Eligibility

Any Participant who:

(a) Is employed by the Company and is a Participant in the Plan on May 23, 1989 (even though the Participant's obligation to contribute to his Participant Contributions Account may have been suspended under Section 2.5 prior thereto);

(b) Has or would have had 5 or more years of Continuous Service on or before December 31, 1989, except for participation in the Organization Transition Plan adopted by the Executive Committee of the Board of Directors of the Company on May 30, 1989, as modified by resolutions adopted as of July 24, 1989 (hereinafter "OTP");

(c) Prior to December 31, 1989, incurs a Separation from the Service because the Participant is laid off under, or is given the opportunity by the Company in its sole discretion to participate in, the OTP; and

(d) Agrees to the conditions of participating in the OTP by, among other things, executing a general release, and elects to receive the OTP Retirement Benefit in lieu of the severance pay benefit under Section 4.1(c) of the Hughes Transition Pay Plan,

shall become eligible for the OTP Retirement Benefit.

Section 8.2 - The OTP Retirement Benefit.

For a Participant who satisfies the eligibility requirements of Section 8.1 and who is:

(a) Not a Highly Compensated Employee (as that term is defined in Section 414(q) of the Code), the OTP Retirement Benefit shall be:

(i) the additional Accrued Benefit the Participant would have received if:

a. the Participant was within 3 years of age 55, age 65 or qualifying for the benefit provided by Section 4.8(c); and

b. the Participant were credited with Benefit Accrual Service in whole year increments for as long as it takes the Participant (up to a maximum of 3 years) to reach age 55, age 65, or qualifying for the benefit provided by Section 4.8(c), whichever maximizes the Participant's Accrued Benefit, and

(ii) the additional Accrued Benefit the Participant would have received if the Participant were credited with Benefit Accrual Service and his Participant Contributions Account were credited with employee contributions that would have been made under Section 3.4 for the number of years equal to:

a. 3 years, less

b. the number of years needed to satisfy the benefit provided in Section 8.2(a)(i)b.

Any benefit payable under this Section 8.2(a)(ii) shall not be subject to the cost of living adjustment provided by Section 4.6.

(b) A Highly Compensated Employee shall receive no increase in his Accrued Benefit from the Plan.

Section 8.3 - Definition of Compensation.

For purposes of calculating the Participant's Career Average Benefit (Section 4.5) and the Benefit Based on Final Average Compensation (Section 4.3), each Participant eligible under Section 8.1 shall have his Benefit calculated:

(a) As if the Participant's base rate of pay in effect at the time of his Separation from the Service were annualized and paid for an additional 3 years; and

(b) By including in each such Participant's Compensation the bonus payments from the Management Incentive Plan, Supplemental Compensation and Salary Adjustment Plan as if paid for 1989, 1990 and 1991 at the same level as such Participant's 1988 bonus payments.

Section 8.4 - Cost of Living Adjustment for OTP Retirement Benefit

If a Participant receives an OTP Retirement Benefit under Section 8.2 and if such a Participant has a Separation from the Service on or after his fifty-second birthday, a cost of living adjustment as provided by Section 4.6 (a) shall be used to adjust:

(a) the monthly Benefit payable without regard to the OTP Retirement Benefit; and

(b) the additional Benefit provided under Section 8.2(a)(i), but shall not be used to adjust the additional Benefit under Section 8.2(a)(ii).

Section 8.5 - Vesting of Retirement Benefit

If a Participant satisfies the eligibility requirements under Section 8.1, then his Accrued Benefit Derived from Company Contributions (including his OTP Retirement Benefit under Section 4.15 (b)) shall be 100% Vested.

Section 8.6 - Commencement of Payment of Retirement Benefit

Any Participant who satisfies the eligibility requirements under Section 8.1, and who is age 52 or older, may retire and receive his Early Retirement Benefit.

Section 8.7 - Death Benefit

The death benefit of any Participant who is eligible for the OTP Retirement Benefit under Section 8.1 and who dies prior

to benefit commencement shall be calculated and paid in accordance with Section 4.14 but shall include the additional OTP Retirement Benefit determined in accordance with Section 8.2.

Executed at Los Angeles, California, this 28th day of November, 1989.

HUGHES AIRCRAFT COMPANY

By /s/ [illegible]
EXECUTIVE VICE PRESIDENT

By /s/ [illegible]
PRESIDENT

APPROVED:

By /s/ [illegible]
General Counsel
Hughes Aircraft Company

AMENDMENT TO HUGHES
NON-BARGAINING RETIREMENT PLAN

THIS AGREEMENT, executed by HUGHES AIRCRAFT COMPANY, a corporation organized under the laws of the State of Delaware (hereinafter "Company"), evidences the terms of an Amendment to the Hughes Non-Bargaining Retirement Plan. This Amendment, together with the Plan executed on the 30th day of October, 1985, and the Amendment executed on the 23rd day of December, 1986, constitutes the entire Plan.

* * * *

4. Section 3.4 shall be deleted in its entirety and the following substituted in its place:

Section 3.4 - Required Participant Contributions

As a condition of his admission to and continued active participation in the Plan, each Participant, except a Participant on inactive status under Section 2.7, shall contribute to his Participant Contributions Account for each payroll period during his participation in the Plan prior to his Early or Normal Retirement Date, as provided under Rules of the Plan, on and after January 1, 1986 three percent of his compensation earned in the Plan Year (and prior to January 1, 1986 two percent of the first \$3,600 of his Compensation earned in a Plan Year and four percent of such Compensation, if any, in excess of \$3,600). A Participant, who is an Employee, except a Participant on inactive status under Section 2.7, receiving Benefits under the Income Insurance Plan shall contribute on and after January 1, 1986 three percent (and prior to January 1, 1986 four percent) of his regular pay, including any shift differential and then current cost-of-living allowances for his job classification and regularly-scheduled work-week at the rate in effect on his last day on the job. A Union Officer shall contribute the same amount he would have

contributed if he had received the regular wage, including any shift differential and cost-of-living allowances for his job classification and regularly-scheduled work-week, at the rate in effect for the pay period in question, under the then applicable collective bargaining agreement.

5. Section 3.8 shall be deleted in its entirety and the following substituted in its place:

Section 3.8 - Withdrawals and Repayments

(a) Subject to the provisions of Section 4.12, a Participant who has a Separation from the Service may withdraw in cash the amount referred to in Section 4.2(a)(ii) upon written notice to the Administrator at any time during a Separation from the Service, provided that such written notice is given prior to the Participant's Annuity Starting Date.

(b) A Participant, but not a Former Participant, may either

(i) within 24 months following his first rehire or recall which occurs prior to January 1, 1983, or

(ii) within 60 months following his first rehire or recall which occurs after December 31, 1982

after a withdrawal under subsection (a), and prior to his Annuity Starting Date while employed by the Company, repay to the Trust in full (but not partially) the amount he withdrew under subsection (a) after 1975 (but not earlier), together with interest compounded annually on such amount at the rate referred to in Section 3.7, and shall thereby be restored to the same Accrued Benefit he would have had if no withdrawal had been made after 1975.

(c) Withdrawals from the Plan other than as permitted in subsection (a) are prohibited.

6. Section 4.3 shall be deleted in its entirety and the following substituted in its place:

Section 4.3 - Alternative Formula: Benefit Based on Final Average Monthly Compensation

A Participant's alternative Benefit determined under this Section shall be an amount determined by subtracting

(a) the product of

(i) the factor of .015,

(ii) his Total Benefit Accrual Service (not in excess of 33-1/3 years),

(iii) the factor determined dividing

a his benefit Accrual Service by

b his Total Benefit Accrual Service, and

(iv) his Primary Insurance Amount, from

(b) the product of

(i) the factor of .0175 (but in the case of Benefits payable to a Participant whose last Separation from the Service was after June 30, 1978 and before December 7, 1980, the factor of .01625, or whose last Separation from the Service is before July 1, 1978, the factor of .015),

(ii) his Benefit Accrual Service, and

(iii) his Final Average Monthly Compensation.

7. Section 4.4 shall be deleted in its entirety and the following substituted in its place:

Section 4.4 - Alternative Formula: Minimum Benefit

A Participant's alternative Benefit determined under this Section shall be the product of

(a) his Benefit Accrual Service, and

(b) the sum of

(i) \$13.00 (but in the case of Benefits payable to a Participant whose last Separation from the service was after December 5, 1982 and before January 1, 1986, the amount of \$11.00; but in the case of Benefits payable to a Participant whose last Separation from the Service was after December 3, 1979 and before December 5, 1982, the amount of \$9.50; and in the case of Benefits payable to a Participant whose last Separation from the Service was after December 31, 1975 and before December 3, 1979, the amount of \$7.00) and

(ii) the product of

a the factor of .005 and

b his Final Average Monthly Compensation.

8. Section 4.5 shall be deleted in its entirety and the following substituted in its place:

Section 4.5 - Alternative Formula: Career Average Benefit

A Participant's alternative Benefit determined under this Section shall be the sum of

(a) the product of

(i) the fraction one twenty-fourth ($1/24$ th) and

(ii) the aggregate principal amount of his Participant Contributions contributed prior to January 1, 1986 under Section 3.4 or its predecessor, net of any unrepaid withdrawals under Section 3.8, and

(b) the amount by which

(i) his Accrued Benefit as of December 31, 1975 (as shown on the Administrator's records) exceeds

(ii) one twenty-fourth ($1/24$ th) of the aggregate principal amount of his Participant Contributions determined as of such date, and

(c) on or after January 1, 1986, one percent of the first \$3,600 of his Compensation earned in a Plan Year and two percent of such Compensation in excess of \$3,600.

9. Section 4.14 shall be deleted in its entirety and the following substituted in its place:

Section 4.14 - Death Benefit

(a) If a Participant or Former Participant dies prior to the due date of the first monthly Benefit payment payable to him under the Plan, and if the other subsections of this Section are not applicable, there shall be paid in cash in a lump sum to his properly designated Beneficiary or Beneficiaries an amount equal to the balance of his Participant Contributions Account and all his other Benefits (if any) shall be forfeited.

(b) If a Participant's age is 55 or older, has a Separation from the Service due to his death, or has a Separation from the Service because of retirement but dies prior to the first day of the month coinciding with or next following retirement within which the initial payment of any benefit is or would be payable to him, and leaves a surviving spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall in accordance with Rules of the Plan elect to receive either the Benefit described in subsection (c) or the Benefit described in subsection (d). In the event benefits are paid under this subsection, then no beneficiary (other than the spouse if so designated) shall be entitled to receive benefits under the Plan, except as provided in subsection (c)(ii).

(c) The Benefit described in this subsection shall consist of

(i) a monthly payment to such spouse on the first day of each calendar month commencing with the month following the month of such Participant's death, and continuing through the month of such spouse's death, in an amount equal to the monthly Benefit which such spouse

would have received under Section 4.11(b)(i) had the Participant retired immediately prior to his death and elected under Section 4.11(b) to receive monthly payments of his Early Retirement Benefit, Normal Retirement Benefit or Late Retirement Benefit, as the case may be, in the form of a fixed annuity contract subject to adjustment in the manner provided in Section 4.6, naming such spouse as Contingent Annuitant and providing that such monthly payments to the surviving Contingent Annuitant after the Participant's death should be equal to the payments to the Participant during his life, subject to adjustment in the manner provided in Section 4.6, and

(ii) upon the death of such spouse, payment in cash in a lump sum to such Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of

a the sum described in Section 4.2(a)(ii)a over

b the aggregate of all payments made under paragraph (i).

(d) The Benefit described in this subsection shall consist of

(i) a lump sum payment payable not later than the end of the Plan Year following the Plan Year of the death of such Participant to the surviving spouse in an amount equal to the sum referred to in Section 4.2(a)(ii)a, and

(ii) a monthly payment, adjusted in the manner provided in Section 4.6, on the first day of each calendar month commencing with the month following the month of such Participant's death, and ending with the month of such spouse's death, in an amount Actuarially Equivalent as so adjusted to the sum of

a the Participant's Accrued Benefit Derived from Company Contributions, and

b an amount Actuarially Equivalent to the excess, if any of his Accrued Benefit Derived from Participant Contributions over the Benefit provided for under this subsection (d) as computed without regard to this subparagraph b.

(e) Unless the provisions of Section 4.14(b) apply, if a Participant dies with a Vested Retirement Benefit or if a Former participant dies with a Vested Retirement Benefit after a Separation from the Service, and such death is prior to the due date of the first monthly Benefit payable to him under the Plan and if he is survived by the spouse to whom he was married throughout the three hundred and sixty-five day period immediately preceding his death, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a survivor annuity. The survivor annuity shall be a monthly payment commencing on the first day of the calendar month following the month in which the Participant or Former Participant dies or would have attained his earliest retirement age, whichever is later, and ending with the calendar month in which the spouse dies, consisting of:

(i) if the Former Participant dies after his earliest retirement age, a monthly payment equal to 50% of the monthly amount the Former Participant would have received had he retired on the day before death occurred and was entitled to a joint and survivor annuity under Section 4.12; or

(ii) if the Participant or Former Participant dies prior to his earliest retirement age, a monthly payment equal to 50% of the monthly amount the Participant or Former Participant would have received if he retired electing a joint and survivor annuity under Section 4.12, and if such Participant had:

a a Separation from the Service on the date of death,

b survived to the earliest retirement age,

c retired with an immediate qualified joint and survivor annuity at the earliest retirement age, and

d died on the day after the day on which such Participant would have attained the earliest retirement age, and

e in the case of an individual who has a Separation from the Service before the date of such individual's death, subparagraph a shall not apply; plus

(iii) upon the death of such spouse, payment shall be made in cash in a lump sum to such Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of

a the sum described in Section 4.2(a)(ii)a over

b the aggregate of all payments made under subsection (e).

(f) Subsection (e) shall apply only if:

(i) a Participant has at least one Hour of Service with the Company on or after August 23, 1984; or

(ii) a Participant has at least one Hour of Service on or after January 1, 1976, and when such Participant incurred a Separation from the Service he had ten or more Years of Vesting Schedule Service; or

(iii) a Participant who has an Hour of Service on or after September 2, 1974 was employed by the Company after the earliest date on which such Participant was eligible for early retirement benefits under the Plan; and

(iv) such Participant dies after August 23, 1984 prior to reaching his Annuity Starting Date.

* * * *

Executed at Los Angeles, California, this 29th day of March, 1988.

HUGHES AIRCRAFT COMPANY

By /s/ [illegible]

By /s/ [illegible]

APPROVED:

By /s/ [illegible]

General Counsel

HUGHES AIRCRAFT COMPANY

AMENDMENT TO HUGHES
NON-BARGAINING RETIREMENT PLAN

THIS AGREEMENT, executed by HUGHES AIRCRAFT COMPANY, a corporation organized under the laws of the State of Delaware (hereinafter "Company"), evidences the terms of an Amendment to the Hughes Non-Bargaining Retirement Plan. This Amendment, together with the Plan executed on the 30th day of October, 1985, constitutes the entire Plan.

* * * *

2. Section 4.11(e) shall be deleted in its entirety and the following substituted in its place:

- (e) If a Participant dies after his Annuity Starting Date, the remaining portion of his Benefit, if any, may continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death. If a Participant dies before his Annuity Starting Date, the Participant's entire Benefit must be distributed in accordance with the provisions of Section 4.14 and in any event either no later than five years after the Participant's death, or if any portion of the Participant's benefit is payable to a designated Beneficiary, distributions may be made in substantially equal installments over the life or life expectancy of the designated Beneficiary commencing no later than one year after the Participant's death; provided, however, if the designated Beneficiary is the Participant's surviving spouse, the date on which distributions are required to begin shall not be earlier than the date on which the Participant would have attained age 70-1/2.

3. Section 4.12(d) shall be deleted in its entirety and the following substituted in its place:

(d) Within a reasonable period of time before the applicable election period, each Participant or Former Participant who may be affected by this Section shall be furnished, by mail or personal delivery, with a written explanation of

- (i) a general description of the terms and conditions of the joint and survivor annuity available under this Section and the survivor annuity available under Section 4.14(c), (d) and (e), and the circumstances under which the Benefit will be so paid,
- (ii) the availability of the election described in subsection (f), and the effect of such an election,
- (iii) the rights of the Participant's spouse under subsection (f),
- (iv) the right of a Participant to revoke a previous election under subsection (f) and the effect of such revocation, and
- (v) in the case of an early survivor annuity the Company shall provide each Participant within the period beginning on the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year in which the Participant attains age 35, a written explanation of the early survivor annuity in such terms and in such manner as would be comparable to the explanation provided for meeting the requirements of paragraph (i) applicable to the joint and survivor annuity.

If a Participant enters the Plan after the first day of the Plan Year in which the Participant attained age 32, the Company shall provide notice no later than the close of the second Plan Year succeeding the entry of the Participant in the Plan.

If a Participant enters the Plan after the first day of the Plan Year in which the Participant attained age 32, the Company shall provide notice no later than the close of the second Plan Year succeeding the entry of the Participant in the Plan. If a Participant has a Separation from the Service before age 32, the Company shall provide notice no later than one year following such separation.

4. Sec. 4.14(a) shall be deleted in its entirety and the following substituted in its place:

Section 4.14 - Death Benefit

- (a) If a Participant or Former Participant dies prior to the due date of the first monthly Benefit payment payable to him under the Plan, and if the other subsections of this Section are not applicable or if the Participant or Former Participant has elected not to receive the benefit under subsection (b) or (e), in writing in the manner prescribed by the Administrator, and if the Participant's spouse has consented to such election in accordance with Section 4.12(i), there shall be paid in cash in a lump sum to his properly designated Beneficiary or Beneficiaries an amount equal to the balance of his Participant Contributions Account and all his other Benefits (if any) shall be forfeited. A Participant may revoke his election not to receive the benefit under subsection (b) or (e) at any time and any number of times within the applicable election period described in Section 4.12(e)(ii).

5. Sec. 4.16(b) shall be deleted in its entirety and the following substituted in its place:

- (b) If the retirement Benefit under the Plan commences before age 62, the maximum annual benefit described in paragraph (i) shall be reduced actuarially, using an interest rate which is the greater of 5% or the rate described in Section 1.6 used to determine the

Actuarial Equivalent of the Early Retirement Benefit, for each year prior to age 62 down to age 55, but in no event lower than \$75,000.00. If the retirement Benefit under the Plan commences after age 65, the Benefit may not exceed the lesser of the Actuarial Equivalent of a \$90,000 annual benefit beginning at age 65 or 100% of the Participant's average Compensation for the three consecutive calendar years while participating in the Plan in which the Participant's Compensation was highest. To determine the Actuarial Equivalent for a Benefit beginning after age 65 in the preceding sentence, the interest rate assumption used shall be the lesser of 5% or the rate described in Section 1.6. As of January 1 of each calendar year, the dollar limitation of paragraph (i) will be changed as determined by the Commissioner of Internal Revenue for that calendar year and will become effective as the maximum annual benefit for the Plan for that year. The maximum annual benefit for a calendar year applies to limitation years ending with or within that calendar year.

* * * *

Executed at Los Angeles, California, this 23rd day of December, 1986

HUGHES AIRCRAFT COMPANY

By /s/ [illegible] _____

By /s/ [illegible] _____

APPROVED:

By /s/ [illegible] _____

General Counsel

HUGHES AIRCRAFT COMPANY

HUGHES NON-BARGAINING RETIREMENT PLAN

THIS AGREEMENT, executed by HUGHES AIRCRAFT COMPANY, a corporation organized under the laws of the State of Delaware (hereinafter "Company"), evidences the terms of the Hughes Non-Bargaining Retirement Plan (hereinafter "Plan"). This Plan is one of two plans resulting from the split of the Hughes Retirement Plan, originally effective January 1, 1951, and subsequently amended from time to time thereafter. The other plan resulting from the split is known as the Hughes Bargaining Retirement Plan. In order to comply with the requirements of the Tax Reform Act of 1984 and the Retirement Equity Act of 1984, this further amendment to the Plan is effective, unless otherwise specifically stated, as of January 1, 1985 as to persons who were Employees or who retired on or after such date. For Employees who terminated or retired on or after such date January 1, 1985, benefits shall be determined by the Hughes Non-Bargaining Retirement Plan in effect prior to January 1, 1985, or if applicable, by the provisions of the Hughes Retirement Plan in effect prior thereto.

The purposes of the Plan are:

(1) To stimulate and maintain among eligible employees of the Companies, a sense of responsibility, cooperative effort and a sincere interest in the progress and success of the Companies.

(2) To increase the efficiency of such Employees and to encourage them to remain with the Companies until retirement from active service.

The Plan is a qualified pension plan which is intended to comply with the provisions of Section 401 and other applicable provisions of the Internal Revenue Code, similar provisions of the California Revenue and Taxation Code, Section 7(d)(4) of the Fair Labor Standards Act of 1938, as amended, and the Employee Retirement Income Security Act of 1974.

ARTICLE I
DEFINITIONS

* * * *

Section 1.3 - Accrued Benefit

The "Accrued Benefit" of a Participant, as of his Separation from the Service, means the greatest of (a), (b), or (c):

(a) the greater of

(i) his Normal Retirement Benefit determined under Section 4.2, without regard to Section 4.3, but with reference to the greater of the alternative Benefits under Section 4.4 or 4.5, calculated on the basis of his Benefit Accrual Service as of such Separation from the Service, or

(ii) paragraph (i) of subsection (a) calculated as if the Separation from the Service of the Participant were on March 1, 1982, as if all Compensation for the month of February 1982 were the figures shown as paid on the Company's records ending with the last payroll period ending before March 1, 1982, and as if all the Participant's vacation not taken as shown at close of a Company's records for the February 1982 accounting month were paid to the Participant within such payroll period.

(b) the greater of

(i) his Normal Retirement Benefit determined under Section 4.3 as if

a there were added to his Total Benefit Accrual Service the period from the date of such Separation from the Service to his Normal Retirement Date and

b his Primary Insurance Amount were determined under Section 1.45, or

(ii) Paragraph (i) of subsection (b) calculated as if the Separation from the Service of the Participant were on March 1, 1982 as if the Compensation for the month of February, 1982 were the figures shown as paid on the Company's records ending with the last payroll period ending before March 1, 1982, and as if all the Participant's vacation not taken as shown at close of a Company's records for the February 1982 accounting month were paid to the Participant within such payroll period.

(c) the Actuarial Equivalent of his total Participant Contributions without interest, exclusive of Participant Contributions made prior to a break in Continuous Service Commencing before 1976.

Section 1.4 - Accrued Benefit Derived from Company Contributions

The "Accrued Benefit Derived from Company Contributions" of a Participant as of his Separation from the Service means that Benefit equal to the excess (if any) of the Participant's Accrued Benefit over his Accrued Benefit Derived from Participant Contributions.

Section 1.5 - Accrued Benefit Derived from Participant Contributions

The "Accrued Benefit Derived from Participant Contributions" of a Participant as of his Separation from the Service means the lesser of

(a) his Accrued Benefit, and

(b) his annual benefit in the form of a single life annuity (without ancillary benefits) commencing at Normal Retirement Age, equal to the Participant Contributions Account multiplied by the appropriate conversion factor of 10% multiplied by an actuarial adjustment factor of 63%, or such other percentage as may be required by law.

* * * *

Section 1.7 - Administrator

"Administrator" means HUGHES AIRCRAFT COMPANY, acting through its officers or their delegates, and not through its Board of Directors, except that during such time as a Committee is in existence, such Committee shall be the Administrator. The Administrator shall function as provided in the Plan, the Trust Agreement and ERISA.

* * * *

Section 1.11 - Benefit

The "Benefit" of a Participant means payments payable in the amounts, to the persons, at the times, and over the applicable period (including any final lump-sum payment) specified in Article IV.

Section 1.12 - Benefit Accrual Service

"Benefit Accrual Service" of a Participant means the total, expressed in years and fractional years, of

(a) those Accounting Months (treating each Accounting Month as one-twelfth year and excluding Accounting Months commencing before a break in his Continuous Service commencing before 1976) for any part or all of which he made contributions to the Plan as a Participant, Union Officer, or participant in the Income Insurance Plan; and, as applicable, either

(b) for a person employed by a Company on January 1980, benefit accrual service credited to such Employee under the Hughes Retirement Plan prior to January 1, 1980, provided such Employee satisfied the requirements of Section 2.1(b)(iii) of the Plan on such January 1st, or

(c) for a former Employee not employed by a Company on January 1, 1980, benefit accrual service credited to such former Employee under the Hughes Retirement Plan prior to January 1, 1980, provided such former Employee's last job classification satisfied the requirements of Section 2.1(b)(iii) of the Plan.

* * * *

Section 1.22 - Early Retirement

"Early Retirement" of a Participant or Former Participant means his retirement upon his Early Retirement Date.

Section 1.23 - Early Retirement Benefit

"Early Retirement Benefit" of a Participant or Former Participant means the Benefit payable to or with respect to him under Section 4.8.

* * * *

Section 1.33 - Late Retirement Benefit

"Late Retirement Benefit" of a Participant or Former Participant means the Benefit payable under Section 4.10.

Section 1.34 - Late Retirement Date

"Late Retirement Date" of a Participant means the first day of the calendar month coinciding with or next following his Separation from the Service occurring later than his Normal Retirement Date, but in no event later than the date under Section 1.9(d).

* * * *

Section 1.37 - Normal Retirement Benefit

"Normal Retirement Benefit" means the Benefit payable under Section 4.2.

Section 1.38 - Normal Retirement Date

"Normal Retirement Date" of a Participant or Former Participant means the first day of the calendar month coincident with or next following his sixty-fifth birthday.

* * * *

Section 1.40 - Participant Contributions

"Participant Contributions" of a Participant means his contributions to the Plan under Section 3.4 or its predecessor.

Section 1.41 - Participant Contributions Account

"Participants Contributions Account" of a Participant means his individual account established in accordance with Section 3.7.

Section 1.42 - Plan

"Plan" means Hughes Non-Bargaining Retirement Plan.

* * *

Section 1.45 - Primary Insurance Amount

The "Primary Insurance Amount" of a Participant means the monthly primary insurance amount of his old age insurance benefit determined as of his Normal Retirement Date under the federal Social Security Act as in effect on the date of his Separation from the Service, whether more or less than the amount which would be payable if such Act remained unamended until that Date and whether or not the Participant actually applies for and receives such amount for any month, by assuming that he will receive Compensation at rates applicable on the date of such Separation from the Service, over a further period of employment extending to his Normal Retirement Date. The Primary Insurance Amount of a Participant who again becomes a Participant following his Separation from the Service shall in no event exceed the amount which would produce that Normal Retirement Benefit to which such Participant would have been entitled had he not again become an Employee following such Separation from the Service. For any Participant for whom the Primary Insurance Amount cannot be ascertained as herein provided, said amount shall be that amount which the Administrator shall reasonably estimate. The Primary Insurance Amount determined herein for any Participant will be adjusted to reflect the actual salary history for years previously estimated before his Separation from the Service if the Participant supplies documentation of that history. Such documentation must be provided no later than a reasonable period of time following the later of the date of his Separation from the Service and the time the Participant

is notified of the Benefit to which he or she is entitled. No Benefit hereunder shall be decreased by reason of any increase in the benefit levels payable under Title II of the Social Security Act or any increase in the wage base under such Title II, if such increase take place after September 2, 1974, or (if later) the earlier of the date of first receipt of such Benefits or the date of Separation from the Service of the Participant to whom or with respect to whom such Benefits are paid, as the case may be.

Section 1.46 - Rules of the Plan

"Rules of the Plan" means rules and regulations of interpretation, administration, and application of the Plan, as properly established and consistently applied by the Administrator.

* * *

Section 1.49 - Trust

"Trust" means the trust established pursuant to the Trust Agreement.

Section 1.50 - Trust Agreement

"Trust Agreement" means that certain Trust Agreement pursuant to Hughes Non-Bargaining Retirement Plan and Hughes Bargaining Retirement Plan, as it may be amended from time to time, providing for the investment and administration of the Trust Fund. By this reference, the Trust Agreement is incorporated herein.

* * *

Section 1.52 - Trust Fund

"Trust Fund" means the fund established under the Trust Agreement by contributions made by the Companies and Participants pursuant to the Plan and from which any distributions under the Plan are to be made.

* * *

Section 1.54 - Vested

"Vested" means nonforfeitable except to the extent provided in Sections 4.14 and 4.18.

Section 1.55 - Vested Retirement Benefit

"Vested Retirement Benefit" shall have the meaning given in Section 4.15.

* * * *

ARTICLE IIELIGIBILITYSection 2.1 - Requirements for Participation

(a) Effective January 1, 1980 any person who was a Participant in the Hughes Retirement Plan on December 31, 1979 and not employed in a bargaining unit covered by a collective bargaining agreement shall remain a Participant until Section 2.4 or 2.5 applies to him.

(b) Any other Employee who

(i) had not attained the age of sixty-four years and six months on last becoming an Employee, and

(ii) has completed either

a a twelve-month period commencing with

1 his first Hour of Service since the date he was hired as an Employee of his Company (whether or not then a Company), or

2 his Anniversary Date

in which period he had completed one thousand (1,000) or more Hours of Service, or

b twelve months of Company Service, and

(iii) is not an Employee in a bargaining unit covered by a collective bargaining agreement with respect to which retirement benefits were the subject

of good faith bargaining (unless such agreement provides for coverage hereunder of Employees in such unit), and

(iv) is not a Sales Representative of Theta Cable of California, and

(v) is on the United States payroll of his Company (as maintained by such Company in accordance with its established practice), and

(vi) complies with the requirements of Section 2.3,

shall become a Participant after 1979, effective as of the first Monday of the calendar month coincident with or next following his satisfaction such requirements.

(c) Any Participant whose participation is terminated by a Separation from the Service under Section 2.4 shall again become a Participant upon again becoming an Employee and complying with the requirements of paragraphs (iii)-(vi), inclusive, of subsection (b). There shall be no duplication of any previously Accrued Benefits by reason of a Participant's readmission to the Plan.

* * * *

Section 2.5 - Suspension During Continuous Service

A Participant may suspend his participation in the Plan during his Continuous Service at any time by giving such advance written notice to the Administrator as is required under the Rules of the Plan that he declines to make contributions under Section 3.4 for a period of twelve calendar months and thereafter until he again complies with Section 2.3, which notice shall be effective and irrevocable in accordance with its terms upon receipt by the Administrator.

Section 2.6 - Forfeitures

If a Participant has a Separation from the Service for any reason prior to his acquisition of a fully Vested Retirement

Benefit, the unvested portion of his Accrued Benefit Derived from Company Contributions shall be forfeited at the earlier of

(a) if he then has less than five Years of Vesting Schedule Service, that date when the number of his consecutive Break in Service Years equals five,

(b) if he has then had one or more Break in Services Years not followed by a Year of Service, immediately preceding his sixty-fifth birthday, or

(c) if he then has less than five Years of Vesting Schedule Service, his withdrawal of Participant Contributions under Section 3.8(a) provided that any such unvested portion shall be restored subject to subsequent forfeiture under this Section, if, before subsection (a) applies, he restores such withdrawn Contributions with interest under Section 3.8(b).

* * * *

ARTICLE III

FUNDING OF BENEFITS

Section 3.1 - Source of Contributions

The cost of Benefits under the Plan to the extent not provided by contributions of Participants under Section 3.4 shall be provided by contributions of the Companies not less than in such amounts, and at such times, as the Plan Enrolled Actuary shall certify to be necessary, to fund Benefits under the Plan in accordance with the actuarial assumptions selected by such Actuary from time to time in accordance with Section 1.6, and the funding policies and method selected from time to time by the Administrator as permitted by law and, to the extent required by law, with the consent of the Secretary of the Treasury.

Section 3.2 - Limitations

The contribution of a Company to the Trust Fund for any taxable year shall be not less than that amount necessary to

maintain the qualified status of the Plan and Trust, and to comply with all applicable legal requirements.

Section 3.3 - Application of Forfeitures

Forfeitures shall not be applied to increase the Benefits any Participant would otherwise receive under the Plan, and shall be applied to reduce contributions of the Companies.

Section 3.4 - Required Participant Contributions

As a condition of his admission to and continued active participation in the Plan, each Participant, except a Participant on inactive status under Section 2.7, shall contribute to his Participant Contributions Account for each payroll period during his participation in the Plan prior to his Early or Normal Retirement Date, as provided under Rules of the Plan, two percent of the first \$3,600 of his Compensation earned in a Plan Year and four percent of such Compensation, if any, in excess of \$3,600. A Participant, who is an Employee, except a Participant on inactive status under Section 2.7, receiving Benefits under the Income Insurance Plan shall contribute four percent of his regular pay, including any shift differential and then current cost-of-living allowances for his job classification and regularly-scheduled work-week at the rate in effect on his last day on the job. A Union Officer shall contribute the same amount he would have contributed if he had received the regular wage, including any shift differential and cost-of-living allowances for his job classification and regularly-scheduled work-week, at the rate in effect for the pay period in question, under the then applicable collective bargaining agreement.

Section 3.5 - Withholding of Contributions

A Participant's Contributions to his Participant Contributions Account shall be withheld by the Company for each payroll period from his pay, or shall be paid in cash to the extent of any excess of such contributions over the amount available for withholding, or by the insurer from his benefits under the Income Insurance Plan. A Union Officer shall make such contributions in cash not less often than annually by the

end of the applicable year to the last Company by which he was employed.

Section 3.6 - Deposit of Participant Contributions

A Participant's Contributions shall be transmitted to the Trustee not later than the end of the calendar month following the calendar month in which such contributions are made.

Section 3.7 - Participant Contributions Accounts

The Administrator shall maintain a Participant Contributions Account for each Participant who has made Participant Contributions to the Plan, to which Account shall be credited the balance, if any, in such Account as of December 31, 1975, exclusive of amounts related to Participant Contributions made before a break in Continuous Service commencing before 1976, together with contributions or repayments, if any, under Section 3.4 or 3.8(b), and less withdrawals under Section 3.8(a) and, on the aggregate net amount so credited, interest compounded annually at the rate of 5% per year commencing January 1, 1976.

Section 3.8 - Withdrawals and Repayments

(a) Subject to the provisions of Section 4.12, a Participant who has a Separation from the Service may withdraw in cash the amount referred to in Section 4.2(a)(ii) upon written notice to the Administrator at any time during a Separation from the Service prior to the Participant's Annuity Starting Date.

(b) A Participant, but not a Former Participant, may within twenty-four months following his first rehire or recall after a withdrawal under subsection (a), and prior to his Annuity Starting Date while employed by the Company, repay to the Trust in full (but not partially) the amount he withdrew under subsection (a) after 1975 (but not earlier), together with interest compounded annually on such amount at the rate referred to in Section 3.7, and shall thereby be restored to the

same Accrued Benefit he would have had if no withdrawal had been made after 1975.

(c) Withdrawals from the Plan other than as permitted in subsection (a) are prohibited.

ARTICLE IV

RETIREMENT, TERMINATION, OR DEATH

Section 4.1 - Normal Retirement

A Participant shall be entitled to Normal Retirement Benefits hereunder on his Normal Retirement Date, except as provided in Section 4.7 or 4.9.

Section 4.2 - Normal Retirement Benefit

(a) A Participant who retires on his Normal Retirement Date shall receive a Normal Retirement Benefit, which, subject to the provisions of Sections 4.11 and 4.12, shall consist of

(i) a monthly payment on the first day of each calendar month commencing with his Normal Retirement Date and ending with the last such payment before his death, and

(ii) a payment within five years after his death in a lump sum to this properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of

a the sum, net of any unrepaid withdrawals after 1975 under Section 3.8, of

1 the balance, if any in his Participant Contributions Account on December 31, 1975,

2 his Participant Contributions under Section 3.4 after 1975, and

3 interest compounded annually to the date of his first monthly payment, with proper

allowance for any earlier unrepaid withdrawal under Section 3.8, at the rate of five percent per year on such balance from December 31, 1975, and on such post-1975 Participant Contributions from the end of the Plan Year in which they were credited to his Participant Contributions Account, over

b the aggregate of all payments made to him under paragraph (i).

(b) The monthly Benefit payment described in subsection (a)(i) shall be the greatest of the alternative Benefits determined under Sections 4.3, 4.4 or 4.5, reduced to eliminate the Actuarial Equivalent of any prior forfeitures under Section 2.6 and any prior withdrawals under Section 3.8(a) not repaid under Section 3.8(b), and then adjusted as provided in Section 4.6.

(c) Notwithstanding anything in the Plan to the contrary, in no event shall a Participant's or Former Participant's monthly Benefit under subsection (a)(i), Section 4.8(a)(i), or Section 4.10(a)(i), be less than the largest monthly Benefit under Section 4.8(a)(i), Section 4.8(c), or Section 4.15, if any, to which he could have become entitled at any time by incurring a Separation from the Service.

Section 4.3 - Alternative Formula: Benefit Based on Final Average Monthly Compensation

A Participant's alternative Benefit determined under this Section shall be an amount determined by subtracting

(a) the product of

(i) the factor of .015,

(ii) his Total Benefit Accrual Service (not in excess of 33-1/3 years),

(iii) the factor determined by dividing

a his benefit Accrual Service by

b his Total Benefit Accrual Service, and

(iv) his Primary Insurance Amount, from

(b) the product of

(i) the factor of .01625 (but in the case of Benefits payable to a Participant whose last Separation from the Service was before July 1, 1978, the factor of .015, or whose last Separation from the Service is after December 7, 1980, the factor of .0175),

(ii) his Benefit Accrual Service, and

(iii) his Final Average Monthly Compensation.

Section 4.4 - Alternative Formula: Minimum Benefit

A Participant's alternative Benefit determined under this Section shall be the product of

(a) his Benefit Accrual Service, and

(b) the sum of

(i) \$11.00 (but in the case of Benefits payable to a Participant whose last Separation from the Service was after December 3, 1979 and before December 5, 1982, the amount of \$9.50; and in the case of Benefits payable to a Participant whose last Separation from the Service was after December 31, 1975 and before December 3, 1979, the amount of \$7.00) and

(ii) the product of

a the factor of .005 and

b his Final Average Monthly Compensation.

Section 4.5 - Alternative Formula: Career Average Benefit

A Participant's alternative Benefit determined under this Section shall be the sum of

(a) the product of

(i) the fraction one twenty-fourth (1/24th) and

(ii) the aggregate principal amount of his Participant Contributions under Section 3.4 or its predecessor, net of any unrepaid withdrawals under Section 3.8 and

(b) the amount by which

(i) his Accrued Benefit as of December 31, 1975 (as shown on the Administrator's records) exceeds

(ii) one twenty-fourth (1/24th) of the aggregate principal amount of his Participant Contributions determined as of such date.

Section 4.6 - Cost of Living Adjustments

(a) The monthly Benefit payable under Sections 4.2(a)(i), 4.8(a)(i) or 4.10(a)(i) to or in respect of a Participant during any Plan Year (the "subject Plan Year") after the first Plan Year in which monthly Benefits were so payable shall be adjusted by multiplying the monthly Benefit so payable during the Plan Year immediately preceding the subject Plan Year (after application of this Section 4.6 to such preceding Plan Year) by a factor (not over 1.040 and not under 0.960) computed to three decimal places, determined by dividing

(i) the United States Bureau of Labor Statistics Consumer Price Index (All Urban Consumer, all items, United States city average, 1967 = 100) as revised, for the September next before the subject Plan Year

by

(ii) such Index for the September of the second year before the subject Plan Year.

(b) Notwithstanding the provisions of subsection (a), the adjustment provided in such subsection shall not result in a monthly Benefit less than the monthly Benefit initially payable to or in respect of the Participant.

(c) If the Plan is terminated under Section 6.1, no further adjustments shall be made under this Section 4.6,

except as to Former Participants who had retired under Section 4.1, the first sentence of Section 4.7, or 4.10 (but not Section 4.15) on or prior to the date of such termination.

(d) No adjustment shall be made under this Section 4.6 to a Benefit payment described in Section 4.2(a)(ii).

Section 4.7 - Early Retirement

A Participant or a Former Participant who has a Separation from the Service on or after his fifty-fifth birthday may voluntarily retire on his Early Retirement Date upon written notice to the Administrator designating such Date and his Benefit shall be determined under Section 4.8. A Former Participant who has a Separation from the Service before his fifty-fifth birthday may elect Early Retirement in accordance with this Section, effective on or after his fifty-fifth birthday. The designated effective date of such election shall be his Early Retirement Date, and his Benefit shall be determined under Section 4.15.

Section 4.8 - Early Retirement Benefit

(a) Participant who retires on his Early Retirement Date shall receive an Early Retirement Benefit which, subject to the provisions of Sections 4.6, 4.7, 4.11 and 4.12, shall consist of

(i) a monthly payment on the first day of each calendar month commencing with his Early Retirement Date and ending with the last such payment before his death, and

(ii) a payment within five years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of

a the sum referred to in Section 4.2(a)(ii)a, over

b the aggregate of all payments made to him under paragraph (i).

(b) The amount of each such monthly payment, except as provided in subsection (c), Sections 4.2(c) and 4.6, shall be equal to the excess, expressed in terms of a monthly payment, of the Actuarial Equivalent of his Vested Accrued Benefit computed without regard to Section 4.6 over the Actuarial Equivalent of his Benefit under subsection (a)(ii).

(c) In the case of a Participant on the United States payroll not on inactive status under Section 2.7(a)(i), the sum of whose full years of Continuous Service on his Early Retirement Date and age in years as of his last birthday coinciding with or preceding such Date equals or exceeds seventy-five, the amount of each such monthly payment shall be equal to the monthly payment (including adjustments under Section 4.6) included in his Accrued Benefit. Solely for purposes of this subsection (c), in order to comply with Revenue Ruling 71-446, the Total Benefit Accrual Service taken into account in applying Section 4.3(a)(ii) shall not exceed the number of years which, multiplied by the fraction, the numerator of which is Total Benefit Accrual Service and the denominator of which is described in Section 1.3(b)(i), equals $24\frac{2}{3}$ if his age at his nearest birthday is 55, or $26\frac{1}{3}$ if such age is 56.

Section 4.9 - Late Retirement

A Participant shall be entitled to a Late Retirement Benefit hereunder on his Late Retirement Date, or on his Annuity Starting Date if occurring later than his Normal Retirement Date.

Section 4.10 - Late Retirement Benefit

(a) A Participant who retires on his Late Retirement Date, or who elects an Annuity Starting Date occurring later than his Normal Retirement Date, shall receive a Late Retirement Benefit which, subject to the provisions of Sections 4.6, 4.11 and 4.12, shall consist of:

(i) a monthly payment on the first day of each calendar month commencing with his Annuity Starting

Date, which would be his Late Retirement Date if no election to defer the Annuity Starting Date is made, and ending with the last such payment before his death, and

(ii) a payment within five years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of

a the sum referred to in Section 4.2(a)(ii)a, over

b the aggregate of all payments made to him under paragraph (i).

(b) To the amount of each monthly payment determined in Section 4.2(a)(i), shall be added the excess, expressed in terms of a monthly payment, of the Actuarial Equivalent of the Normal Retirement Benefit he would have received under Section 4.2(a)(i) (computed without regard to Section 4.2(c) but after application of Section 4.6 and after application of an interest rate equal to 9% per annum (or at such time as the interest rate determined under Section 1.6(a) is equal to or greater than 9%, then such interest rate determined under Section 1.6(a)), had he retired upon his Normal Retirement Date.

Section 4.11 - Optional Retirement Benefit

A Participant entitled to receive a Normal, Early, or Late Retirement Benefit shall receive the joint and survivor annuity provided in Section 4.12 (if such Section applies to him) unless he elects not to receive such annuity and elects instead to receive a distribution in accordance with subsection (a), (b), (c) or (d). A Participant to whom Section 4.12 does not apply and who makes no election under this Section shall receive a Benefit in accordance with subsection (a). A participant may not make or change an election hereunder after his Annuity Starting Date. A Participant may elect, in accordance with

Rules of the Plan, to receive his Benefit in any one of the following manners:

(a) a Normal, Early or Late Retirement Benefit, as the case may be,

(b) a Benefit consisting of

(i) monthly payments commencing on his Annuity Starting Date to the Participant for his life, and monthly payments to his Beneficiaries or his Contingent Annuitants for life (in amounts as selected by the Participant equal to a survivor annuity of 50%, 66-2/3%, 75% or 100% of the monthly amount paid to such Participant) or in a manner similar to that provided under any other generally available form of fixed annuity contract, and adjusted in the manner provided in Section 4.6, all as determined under Rules of the Plan, and

(ii) upon the death of the Participant, and his Contingent Annuitant (if any) or primary Beneficiaries (if any), payment to the Participant's duly designated secondary Beneficiary or Beneficiaries in cash in a lump sum an amount equal to the excess, if any, of

a the sum described in Section 4.2(a)(ii)a over

b the aggregate of all payments made under paragraph (i),

provided no such Beneficiary or Contingent Annuitant (other than a spouse) can receive more than forty-nine percent (49%) of the Actuarial Equivalent of the Participant's monthly Normal, Early or Late Retirement Benefit as the case may be, or

(c) a Benefit consisting of

(i) a reduced monthly payment commencing on his Annuity Starting Date payable during the Benefit period described in Section 4.2(a)(i) with a temporary additional Benefit payable during the period from his

Separation from the Service through the earlier of the month in which he dies or the month before his sixty-second or sixty-fifth birthday, as he shall elect, in an amount equal to his monthly Social Security old age benefits payable at such birthday as projected under Rules of the Plan, and all adjusted in the manner provided in Section 4.6, and

(ii) a payment within five years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of

a the sum described in Section 4.2(a)(ii)a, over

b the aggregate of all payments made under paragraph (i).

(d) The option provided in subsection (c) may be elected either coupled with, or independently of, the standard joint and survivor annuity provided under Section 4.12, but may not, without the consent of the Administrator, be coupled with any option provided in subsection (b).

(e) If a Participant dies before his entire interest has been distributed to him or if a distribution has been commenced in accordance with Section 4.11 to his surviving spouse and such surviving spouse dies before his entire interest has been distributed to such surviving spouse, then his entire Benefit (or the remaining part thereof) shall be distributed within five years after his death (or the death of his surviving spouse). The preceding shall not apply if the distribution of the interest of the Participant has commenced and such distribution is for a term certain over a period permitted under Section 4.11.

Section 4.12 - Joint and Survivor Annuity

(a) Notwithstanding anything in the Plan to the contrary, the Benefit, if any, of a Participant or Former Participant commencing on his Annuity Starting Date shall be a joint and survivor annuity, as described in subsection (b), if

(i) he was married on his Annuity Starting Date, and

(ii) he has not otherwise elected under subsection (f).

(b) The joint and survivor annuity of a Participant or Former Participant shall be a Benefit, reduced as provided in subsection (c) and adjusted in the manner provided in Section 4.6, consisting of

(i) monthly payments to him beginning on his Annuity Starting Date and ending with the calendar month in which his death occurs with the provision that, if he dies after his Annuity Starting Date survived by the spouse to whom he was married on his Annuity Starting Date, such spouse shall receive monthly payments of fifty percent of such reduced Benefit adjusted in the manner provided in Section 4.6, beginning on the first day of the calendar month next following his death and ending with the calendar month in which such spouse dies, plus

(ii) as soon as both such Participant and his surviving spouse are dead, a lump sum payment to the Participant's properly designated Beneficiary or Beneficiaries other than such spouse, in an amount equal to the excess, if any, of

a the sum referred to in Section 4.2(a)(ii)a over

b the aggregate of all payments made under this subsection to the Participant and his spouse.

(c) The reduced Benefit payable under this Section to a Participant or Former Participant during his lifetime shall be at a monthly rate such that his joint and survivor annuity is the Actuarial Equivalent of his Early, Normal or Late Retirement Benefit.

(d) Within a reasonable period of time before the applicable election period, each Participant or Former Participant who may be affected by this Section shall be furnished, by mail or personal delivery, with a written explanation of

(i) a general description of the terms and conditions of the joint and survivor annuity available under this Section and the survivor annuity available under Section 4.14(c), (d) and (e), and the circumstances under which the Benefit will be so paid,

(ii) the availability of the election described in subsection (f), and the effect of such an election,

(iii) the rights of the Participant's spouse under subsection (f), and

(iv) the right of a Participant to revoke a previous election under subsection (f) and the effect of such revocation.

(e) The applicable election period under subsection (d) shall be:

(i) for the joint and survivor annuity available under this Section, the ninety day period ending on the Annuity Starting Date, and

(ii) for the early survivor annuity available under Section 4.14(c), (d), and (e), the period which begins on the first day of the Plan Year in which the Participant attains age 35, or, if earlier, the date of the Participant's Separation from the Service, and ends on the date of the Participant's death.

(f) A Participant or Former Participant referred to in subsection (a) may elect in writing, in the manner prescribed by the Administrator, not to receive a joint and survivor annuity (in which case he shall receive his Benefit as otherwise provided in the Plan). Such an election shall be made not later than his Annuity Starting Date.

(g) The Administrator shall, if necessary, delay the commencement of a Participant's or Former Participant's Benefit until the close of the election period referred to in subsection (f), but shall make payments retroactive to his Annuity Starting Date.

(h) During the period described in subsection (f), a Participant or Former Participant who properly elected thereunder not to receive a joint and survivor annuity may revoke such election and after any such revocation, an election under subsection (f) may be made again prior to the expiration of such election period.

(i) Any election made under subsection (f) or Section 4.14(a) will be effective only if the Participant or Former Participant's spouse signs a written consent and the spouse's signature is witnessed by a Plan representative or Notary Public. If the Participant or Former Participant establishes to the satisfaction of the Administrator that such a written consent cannot be obtained because the spouse cannot be located, the election will be deemed to be effective without the written consent of the spouse.

Section 4.13 - Actuarial Equivalence

The Participant's Optional Retirement Benefit under Section 4.11 or the Benefit provided under Section 4.12 shall, except as provided in Section 4.15, be the Actuarial Equivalent of his Early, Normal, or Late Retirement Benefit, such Equivalent being computed as of his Annuity Starting Date.

Section 4.14 - Death Benefit

(a) If a Participant or Former Participant dies prior to the due date of the first monthly Benefit payment payable to him under the Plan, and if the other subsections of this Section are not applicable or if the Participant or Former participant has elected not to receive the benefit under subsection (b) or (e), in writing in the manner prescribed by the Administrator, and if the Participant's spouse has consented to such election in accordance with Section 4.12(i), there shall be paid in cash in

a lump sum to his properly designated Beneficiary or Beneficiaries an amount equal to the balance of his Participant Contributions Account and all his other Benefits (if any) shall be forfeited.

(b) Unless the election in Section 4.14(a) is made, if a Participant's age is 55 or older, has a Separation from the Service due to his death, or has a Separation from the Service because of retirement but dies prior to the first day of the month coinciding with or next following retirement within which the initial payment of any benefit is or would be payable to him, and leaves a surviving spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall in accordance with Rules of the Plan elect to receive either the Benefit described in subsection (c) or the Benefit described in subsection (d). In the event benefits are paid under this subsection, then no beneficiary (other than the spouse if so designated) shall be entitled to receive benefits under the Plan, except as provided in subsection (c)(ii).

(c) The Benefit described in this subsection shall consist of

(i) a monthly payment to such spouse on the first day of each calendar month commencing with the month following the month of such Participant's death, and continuing through the month of such spouse's death, in an amount equal to the monthly Benefit which such spouse would have received under Section 4.11(b)(i) had the Participant retired immediately prior to his death and elected under Section 4.11(b) to receive monthly payments of his Early Retirement Benefit, Normal Retirement Benefit or Late Retirement Benefit, as the case may be, in the form of a fixed annuity contract subject to adjustment in the manner provided in Section 4.6, naming such spouse as Contingent Annuitant and providing that such monthly payments to the surviving Contingent

Annuitant after the Participant's death should be equal to the payments to the Participant during his life, subject to adjustment in the manner provided in Section 4.6, and

(ii) upon the death of such spouse, payment in cash in a lump sum to such Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of

a the sum described in Section 4.2(a)(ii)a over

b the aggregate of all payments made under paragraph (i).

(d) The Benefit described in this subsection shall consist of

(i) a lump sum payment payable not later than the end of the Plan year following the Plan Year of the death of such Participant to the surviving spouse in an amount equal to the sum referred to in Section 4.2(a)(ii)a, and

(ii) a monthly payment, adjusted in the manner provided in Section 4.6, on the first day of each calendar month commencing with the month following the month of such Participant's death, and ending with the month of such spouse's death, in an amount Actuarially Equivalent as so adjusted to the sum of

a the Participant's Accrued Benefit Derived from Company Contributions, and

b an amount Actuarially Equivalent to the excess, if any of his Accrued Benefit Derived from Participant Contributions over the Benefit provided for under this subsection (d) as computed without regard to this subparagraph b.

(e) Unless the election in Section 4.12(f) or in Section 4.14(a) is made, or unless the provisions of Section 4.14(b)

apply, if a Participant dies with a Vested Retirement Benefit or if a Former Participant dies with a Vested Retirement Benefit after a Separation from the Service, and such death is prior to the due date of the first monthly Benefit payable to him under the Plan and if he is survived by the spouse to whom he was married throughout the three hundred and sixty-five day period immediately preceding his death, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a survivor annuity. The survivor annuity shall be a monthly payment commencing on the first day of the calendar month following the month in which the Participant or Former Participant dies or would have attained his earliest retirement age, whichever is later, and ending with the calendar month in which the spouse dies, consisting of:

(i) if the Former Participant dies after his earliest retirement age, a monthly payment equal to 50% of the monthly amount the Former Participant would have received had he retired on the day before death occurred and was entitled to a joint and survivor annuity under Section 4.12; or

(ii) if the Participant or Former Participant dies prior to his earliest retirement age, a monthly payment equal to 50% of the monthly amount the Participant or Former Participant would have received if he retired electing a joint and survivor annuity under Section 4.12, and if such Participant had:

a a Separation from the Service on the date of death,

b survived to the earliest retirement age,

c retired with an immediate qualified joint and survivor annuity at the earliest retirement age, and

d died on the day after the day on which such Participant would have attained the earliest retirement age, and

e in the case of an individual who has a Separation from the Service before the date of such individual's death, subparagraph a shall not apply; plus

(iii) upon the death of such spouse, payment shall be made in cash in a lump sum to such Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of

a the sum described in Section 4.2(a)(ii)a over

b the aggregate of all payments made under subsection (e).

(f) Subsection (e) shall apply only if:

(i) a Participant has at least one Hour of Service with the company on or after August 23, 1984; or

(ii) a participant has at least one Hour of Service on or after January 1, 1976, and when such Participant incurred a Separation from the Service he had ten or more Years of Vesting Schedule Service; or

(iii) a Participant who has an Hour of Service on or after September 2, 1974 was employed by the Company after the earliest date on which such Participant was eligible for early retirement benefits under the Plan; and

(iv) such Participant dies after August 23, 1984 prior to reaching his Annuity Starting Date.

Section 4.15 - Vested Retirement Benefit

Each Participant shall be entitled to a Vested Retirement Benefit in the amount provided in this Section. In the event of his Separation from the Service prior to his Normal Retirement Date, except as provided in Sections 4.8 and 4.14, such Participant shall upon his Normal Retirement Date become entitled to a Normal or Optional Retirement Benefit, or upon his Early Retirement Date may receive an Early or Optional Retirement Benefit, as he shall elect, or in the absence of such election, as determined in the manner of Sections 4.2, 4.8, 4.11 and 4.12, but, in each case, if his Separation from the Service preceded his fifty-fifth birthday, without regard to Sections 4.6 and 4.8(c), all in an amount Actuarially Equivalent to the sum of

(a) his Accrued Benefit Derived from Participant Contributions, and

(b) that percentage of his Accrued Benefit Derived from Company Contributions determined on the basis of his Years of Vesting Schedule Service as follows:

| <u>Years of Vesting Schedule of Service</u> | <u>Vested Percentage</u> |
|---|------------------------------|
| Less than 5 | 0% |
| 5 | 50% |
| 6 | 60% |
| 7 | 70% |
| 8 | 80% |
| 9 | 90% |
| 10 (or more) | 100% |

A Participant's Vested Retirement Benefit shall in no event be diminished because of any subsequent reductions in his Vesting Schedule Service. A Participant's Accrued Benefit to the extent not forfeited under Section 2.6 or 4.14(a) shall

become 100% Vested (if he is then employed by a member of the Controlled Group) on his sixty-fifth birthday.

Section 4.16 - Limitation on Benefits

(a) Notwithstanding any other provisions of the Plan, for the Plan Year commencing January 1, 1983, in no event may that portion of a Participant's Benefit paid in any one Plan Year (which shall be the limitation year of the Plan) under this Plan and the Hughes Bargaining Retirement Plan and not attributable under Regulations of the Secretary of the Treasury or his delegate to his Participant Contributions exceed an amount Actuarially Equivalent to a benefit payable annually in the form of a straight life annuity (with no ancillary benefits) in the greater of (i) or (ii) below, where

(i) is \$90,000.00; and where

(ii) is 100% of the Participant's average Compensation for the three consecutive calendar years while participating in the Plan in which the Participant's Compensation was highest.

(b) If the retirement Benefit under the Plan commences before age 62, the maximum annual benefit described in paragraph (i) shall be reduced actuarially, using an interest rate which is the greater of 5% or the rate described in Section 1.6 used to determine the Actuarial Equivalent of the Early Retirement Benefit, for each year prior to age 62 down to age 55, but in no event lower than \$75,000.00. As of January 1 of each calendar year, the dollar limitation of paragraph (i) will be changed as determined by the Commissioner of Internal Revenue for that calendar year and will become effective as the maximum annual benefit for the Plan for that year. The maximum annual benefit for a calendar year applies to limitation years ending with or within that calendar year.

(c) Except as provided in the following sentence, which imposes additional limitations on the amounts payable to Participants who have been employed by the Company for less than ten years, the foregoing limitations shall not be applicable

with respect to any Participant whose annual Benefit is less than \$10,000.00, except with respect to a Participant who is or has ever been covered by a defined contribution plan maintained by the Company. If, at retirement, a Participant has been employed by the Company for less than ten years, the applicable maximum shall be multiplied by a fraction, the numerator being his years employed and the denominator being ten.

(d) If the Participant's Benefit payable under this Plan is payable in a form other than a benefit payable on a straight life annuity or a qualified joint and survivor life annuity, the Benefit shall be the Actuarial Equivalent of the straight life annuity.

(e) Notwithstanding the provisions of subsection (a), the maximum annual benefit shall not be less than the Participant's Accrued Benefit for the Plan Year ending December 31, 1982.

(f) In the case of any Employee who is a Participant in this Plan and in any defined contribution plan of the Company, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any year shall not exceed 1.0. In the event the sum of such fractions exceeds 1.0, the Committee shall prescribe the manner in which the annual benefits to this Plan or the annual addition under the Company's defined contribution plans, if any, shall be reduced in order that no plans shall be disqualified under applicable sections of the Internal Revenue Code.

(g) For purposes of applying the limitations of subsection (f), the following definitions shall apply:

(i) The term "defined benefit plan fraction" shall mean a fraction the numerator of which is the projected annual benefit payable under this Plan or any other defined benefit plan of the Company (determined as of the close of the limitation year), and the denominator of which is the lesser of the product of 1.25 multiplied by the dollar limitation in effect under Section 415(b)(1)(A) of the Code

for such year, or the amount of the Participant's Compensation multiplied by 1.4.

(ii) The term "defined contribution plan fraction" shall mean the aggregate annual additions to all of the Company's defined contribution plans (whether or not terminated) determined as of the close of the limitation year without regard to limitations on contributions over the sum of the lesser of the following amounts determined for such year and for each prior year of service with the Company: the dollar limitation in effect under Section 415(c)(1)(A) of the Code for such year (determined without regard to Section 415(c)(6) of the Code) multiplied by 1.25, or 35% of the Participant's Compensation determined for such year.

(iii) For purposes of subsection (a)(ii), Compensation means a Participant's earned income, wages, salaries, and fees for professional services, and other amounts received for personal services actually rendered in the course of employment with the Company (including, but no limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses), and excluding the following:

a Company contributions to a plan of deferred compensation which are not included in the Participant's gross income for the taxable year in which contributed or Company contributions under a simplified employee pension plan to the extent such contributions are deductible by the Participant, or any distributions from a plan of deferred compensation;

b Amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

c Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

d Other amounts which received special tax benefits, or contributions made by the Company (whether or not under a salary reduction agreement) towards the purchase of an annuity described in Section 403(b) of the Code (whether or not the amounts are actually excludable from the gross income of the Participant.)

* * * *

ARTICLE V

ADMINISTRATIVE PROVISIONS

Section 5.1 - Administrative Duties and Powers of the Administrator

The Administrator shall conduct the general administration of the Plan in accordance with the Plan and shall have all the necessary power and authority to carry out the function including the following powers and authority:

(a) To determine questions of eligibility of Participants and the entitlement to Benefits of Participants, Former Participants, Beneficiaries, Contingent Annuitants and all other persons.

(b) As required by law, to engage and designate the Plan Enrolled Actuary, a qualified public accountant meeting the requirements of Section 103(a)(3)(D) of ERISA, and other actuaries, accountants, attorneys, appraisers, brokers, consultants, administrators, physicians or other persons and (with the Companies and their officers, directors and employees) to rely upon the advice, opinions or valuations of any such persons and, except as required by law, be fully protected in acting or relying thereon in good faith.

(c) To adopt such Rules of the Plan, as are not inconsistent with the Plan or applicable law, and to amend or revoke any such Rule.

(d) To interpret the Plan and any Rules of the Plan adopted under subsection (c).

(e) To conduct claims procedures as provided in Section 5.11.

(f) To delegate any power or duty to any other person or persons including a committee appointed pursuant to Section 5.3.

(g) To impose a reasonable charge to cover the cost of furnishing to Participants or Beneficiaries upon their written request documents as required under Section 104(b)(4) of ERISA (but not for furnishing information, statements or documents as required by Section 104(b)(1), (2), (3) or Section 104(c) or Section 105(a) or (c) of ERISA).

(h) To exercise any powers delegated to the Administrator by the Trust Agreement.

Section 5.2 - Limitations Upon Powers of the Administrator

The Plan shall not be operated so as to discriminate in favor of Participants who are officers or shareholders or who are highly compensated. The Plan shall be uniformly and consistently interpreted and applied with regard to all participants in similar circumstances. The Plan shall be administered, interpreted and applied fairly and equitably and in accordance with the specified purposes of the Plan.

Section 5.3 - Administrative Committee

HUGHES AIRCRAFT COMPANY may, but need not, appoint an Administrative Committee consisting of one or more members appointed by and holding office during HUGHES AIRCRAFT COMPANY'S pleasure, to function as specified under Section 1.7.

* * * *

Section 5.10 - Effect of Administrator Action

Except as provided in Section 5.11, all actions taken and all determinations made by the Administrator in good faith shall be final and binding upon all Participants, Former Participants, the Trustee, and any person interested in the Plan or the Trust Fund.

Section 5.11 - Claims Procedure

(a) A claim by a Participant, Former Participant, Beneficiary or any other person shall be presented in writing within the maximum time permitted by law or under the regulations of the Secretary of the Treasury pertaining to claims procedures. Such claim shall be presented to a "claims recipient" who shall be the President of the Company in question unless the claimant is employed by the HUGHES AIRCRAFT COMPANY, in which case the claims recipient shall be the Manager, Employee Benefits, Corporate Industrial Relations of the HUGHES AIRCRAFT COMPANY.

(b) The claims recipient shall, within a reasonable time, consider the claim and shall issue his determination thereon in writing.

(c) If the claim is granted, the appropriate distribution or payment shall be made from the Trust Fund or by the Company.

(d) If the claim is wholly or partially denied, the claims recipient shall, within a reasonable time, provide the claimant with written notice of such denial, setting forth, in a manner calculated to be understood by the claimant:

(i) The specific reason or reasons for such denial;

(ii) Specific references to pertinent Plan provisions on which the denial is based;

(iii) A description of any additional material or information necessary for the claimant to perfect the claim

and an explanation of why such material or information is necessary; and

(iv) An explanation of the Plan's claim review procedure.

(e) The claims recipient shall provide each claimant with a reasonable opportunity to appeal a denial of a claim by the claims recipient for a full and fair review by an appeals board. The appeals board shall be appointed and relieved by the officers of the HUGHES AIRCRAFT COMPANY and shall consist of not less than three corporate officers of the HUGHES AIRCRAFT COMPANY. The claimant or his duly authorized representative

(i) May request a review upon written application to the appeals board (which shall be filed with his Company),

(ii) May review pertinent documents, and

(iii) May submit issues and comments in writing.

(f) The appeals board may establish such time limits within which a claimant may request review of a denied claim as are reasonable in relation to the nature of the Benefit which is the subject of the claim and to other attendant circumstances but which, in no event, shall be less than sixty days after receipt by the claimant of written notice of the denial of his claim.

(g) The decision by the appeals board upon review of a claim shall be made not later than sixty days after receipt by the Company of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred twenty days after receipt of such request for review.

(h) The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant and specific

references to the pertinent Plan provision on which the decision is based.

(i) To the extent permitted by law the decision of the claims recipient (if no review is properly requested) or the decision of the appeals board on review, as the case may be, shall be final and binding on all parties, if warranted on the record and reasonably based on the law and the provisions of the Plan and the Trust Agreement.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1 - Termination of Plan

While the Plan is intended as a permanent program, a Company shall have the right at any time to declare the Plan terminated as to it or to discontinue its contributions to the Plan. In the event of such termination or discontinuance, or in the event of partial termination or discontinuance to the extent applicable to the Participants affected thereby, the rights of all Participants in the employ of such Company to their Accrued Benefits, to the extent then funded, shall thereupon vest in full, subject to the order of priority set forth below. In the event of complete termination or discontinuance, the Administrator shall direct the Trustee to make a prompt determination of the fair market value of the Trust Fund and subject to the provisions of Section 6.7(c), the proportionate amount thereof shall then be applied so as to provide (to the extent not already provided) Benefits in said order of priority, satisfying the requirements of each class in full before proceeding to the next class. Benefits for affected Participants shall be computed on the basis of Compensation received prior to the date of said termination or discontinuance and the funds then available, and proportionately reducing Benefits within the class as to which funds are inadequate to provide Benefits in full, and such amounts when determined shall remain fixed regardless of any person's employment status thereafter. Subject to the

provisions of Section 6.7(c), such allocation shall be as follows:

(a) To provide Benefits under Section 4.2 or 4.12 to each Participant, Former Participant, Contingent Annuitant, or Beneficiary in an amount equal or Actuarially Equivalent to the Participant's unpaid Accrued Benefit Derived from Personal Contributions. For all purposes of this section, cash payment may be made if so determined by the Administrator without election by the Participant or limit on amount.

(b) To so provide all such Benefits payable as monthly payments in excess of amounts determined under subsection (a)

(i) Which were in pay status as of the beginning of the three-year period ending on the date of such termination or discontinuance as designated by the Administrator, in a manner not inconsistent with applicable law and regulations, based on the provisions of the Plan (as in effect during the five-year period ending on such date) under which such Benefit would be the least, with the lowest Benefit in pay status during such three-year period considered the Benefit in pay status, and

(ii) Which would have been in pay status as of the beginning of such three-year period if the Participant had retired prior to the beginning of such three-year period and if his Benefit had commenced as a Normal Retirement Benefit under Section 4.2 as of the beginning of such period, to each such Benefit based on the provisions of the Plan (as in effect during the five-year period ending on such date) under which such Benefit would be the least.

(c) To so provide

(i) All other Benefits (if any) of individuals under the Plan guaranteed under Title IV of ERISA

(determined without regard to Section 4022(b)(5) thereof),

(ii) The additional Benefits (if any) which would be determined under clause (i) if Section 4022(b)(6) of ERISA did not apply.

(d) To so provide all other Benefits under the Plan to the extent Vested without regard to this Section.

(e) To so provide all other Benefits under the Plan.

Section 6.2 - Suspension of Contributions

A Company shall have the right to suspend its contributions to the Plan at any time for a fixed period of time, and such period may be extended by subsequent actions of such Company. Such suspension shall automatically become a discontinuance of contributions as under Section 6.1 at any time at which in the opinion of the Plan Enrolled Actuary such suspension affects the benefits to be paid or made available under the Plan. No such suspension shall be allowed to create an "accumulated funding deficiency" under Section 302(a)(2) of ERISA, unless the Plan is then terminated under Section 6.1; provided that in the event of an unintentional creation of an accumulated funding deficiency, the Companies shall have ninety (90) days after such a deficiency is finally determined to correct it without such termination. In the event of such suspension, the Plan shall otherwise remain in full force and effect.

Section 6.3 - Limitation on Rights of Participants

The Plan is strictly a voluntary undertaking on the part of the Companies and shall not constitute a contract between any Company and any Participant, or consideration for, or an inducement or condition of, the employment of a Participant. Nothing contained in the Plan shall give any Participant the right to be retained in the service of a Company or to interfere with or restrict the right of the Companies, which is hereby expressly reserved, to discharge or retire any Participant,

except as provided by law, at any time with or without cause. Inclusion under the Plan will not give any Participant any right or claim to a retirement income or any other Benefit hereunder except to the extent such right has specifically become fixed under the terms of the Plan and there are funds available therefor in the hands of the Trustee or he is entitled to benefits payments from the Pension Benefit Guaranty Corporation. The doctrine of substantial performance shall have no application to Participants. Each condition and provision, including numerical items, has been carefully considered and constitutes the minimum limit on performance which will give rise to the applicable right.

* * *

Section 6.5 - Amendment of Plan

(a) As limited by the Trust Agreement, Sections 6.1 and 6.2 of the Plan and any applicable law, the Plan may be wholly or partially amended or otherwise modified retroactively or prospectively from time to time by the Board. No amendment which changes the duties or powers of the Trustee shall be adopted without its approval

(b) No amendment shall be made at any time under which any part of the Trust Fund may be diverted to purposes other than for the exclusive benefit of Participants and their Beneficiaries or which shall decrease the percentage or amount of the interest of any Participant which shall theretofore have become Vested, or which shall decrease his Accrued Benefit.

(c) Notwithstanding anything herein to the contrary, this Plan may be amended prospectively or retroactively at any time by the Company or its duly authorized representative, upon reasonable notice to the Trustee, if deemed necessary to conform to the provisions and requirements of ERISA or the Internal Revenue Code or regulations promulgated pursuant thereto in order to maintain the tax-exempt status hereof thereunder, or to conform to the provisions and requirements

of any law, regulation, order or ruling affecting the character or purpose of the Plan.

* * *

Section 6.7 - Consolidation or Merger

(a) In the event of the consolidation or merger of a Company with or into any other corporation, or the sale by a Company of its assets, the resulting successor may continue the Plan by adopting the same by resolution of its board of directors and by executing proper supplemental agreements with the Trustee and, if necessary, the Insurance Company. If within ninety (90) days from the effective date of such consolidation, merger or sale of assets, such new corporation does not adopt the Plan, the Plan shall be terminated as to it in accordance with Section 6.1.

(b) There shall be no merger or consolidation with, or transfer of assets or liabilities of the Plan to any other Plan unless each Participant in this Plan would (if the combined or successor plans were then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the Benefit he would have been entitled to receive under this Plan immediately before the merger, consolidation or transfer (if the Plan had then terminated).

(c) Any Company which adopts this Plan after December 31, 1975 and which has maintained a predecessor plan shall adopt this Plan as a separate, and not a merged or combined Plan as to such Company for purposes of Sections 414(b) and 401(a)(12) of the Internal Revenue Code, and Section 208 of ERISA, and the Trustee shall maintain in a separate subfund all assets acquired from such predecessor plan and all subsequent contributions by such Company under Section 3.1, as are actuarially determined to be required with respect to such Company's Employees and Benefit Accrual Service attributable to such Company, and shall pay all Benefits

hereunder to Employees of such Company out of such separate subfund.

* * * *

Section 6.10 - Identification of Fiduciaries

The Administrator and any person or persons (other than an "investment manager" within the meaning of Section 3(38) of ERISA) delegated investment powers by the Administrator shall be named fiduciaries within the meaning of ERISA and, as permitted or required by law, shall have exclusive authority and discretion to control and manage the operation and administration of the Plan within the limits set forth in the Trust Agreement, subject to the proper delegation. The Trustee, each investment manager and every person who exercises any discretionary authority or discretionary control respecting management of the Trust Fund or Plan, or exercises any authority or control respecting the management or disposition of the assets of the Trust Fund or Plan, or renders investment advice for compensation, direct or indirect, with respect to any moneys or other property of the Trust Fund or Plan or has authority or responsibility to do so, or has any discretionary authority or discretionary responsibility in the administration of the Plan, and any person designated by a named fiduciary to carry out fiduciary responsibilities under the Plan, shall be a fiduciary and, as such, shall be subject to the provisions of the Plan, the Trust Agreement, ERISA and other applicable laws governing fiduciaries. Any person may act in more than one fiduciary capacity.

Section 6.11 - Allocation of Fiduciary Responsibilities

(a) Fiduciary responsibilities under the Plan are allocated as follows:

- (i) The sole power and discretion to manage and control the Plan's assets including, but not limited to, the power to acquire and dispose of Plan assets, is allocated to the Trustee, except to the extent that another fiduciary is

appointed with the power to control or manage (including the power to acquire and dispose of) assets of the Plan.

(ii) The sole duties, responsibilities and powers allocated to the Board shall be those expressly retained under Section 6.5.

(iii) The sole duties, responsibilities and powers allocated to the Companies shall be those expressly retained under the Plan or the Trust Agreement.

(iv) All fiduciary responsibilities not allocated to the Trustee, the Board, the Companies or any investment manager or other person or persons granted investment powers are hereby allocated to the Administrator, subject to delegation in accordance with Section 5.1(f).

(b) Fiduciary responsibilities under the Plan (other than the power to manage or control the Plan's assets) may be re-allocated among fiduciaries by amending the Plan in the manner prescribed in Section 6.5, followed by such fiduciaries' acceptance of, or operation under, such Amended Plan.

* * * *

Section 6.13 - Governing Law

The Plan and the Trust Agreement shall be interpreted, administered and enforced in accordance with the Internal Revenue Code and ERISA and the rights of Participants, Former Participants, Beneficiaries and all other persons shall be determined in accordance therewith; provided, however, that to the extent that state law is applicable, the laws of the State of California shall apply.

* * * *

Executed at Los Angeles, California, this 30th day of October, 1985.

HUGHES AIRCRAFT COMPANY

By /s/ [illegible]

By /s/ [illegible]

APPROVED:

By /s/ [illegible]

General Counsel

Hughes Aircraft Company

EXHIBIT 2

HUGHES NON-BARGAINING RETIREMENT PLAN

This Hughes Non-Bargaining Retirement Plan executed by HUGHES AIRCRAFT COMPANY, a corporation organized under the laws of the State of Delaware, constitutes a restatement as of January 1, 1991, of one of two plans resulting from the split of the Hughes Retirement Plan, originally effective January 1, 1951, and subsequently amended from time to time thereafter. Each Applicable Exhibit attached hereto is incorporated by reference and forms an integral part of the Plan.

The purposes of the Plan are:

(1) To stimulate and maintain among eligible employees of the Companies, a sense of responsibility, cooperative effort and a sincere interest in the progress and success of the Companies.

(2) To increase the efficiency of such Employees and to encourage them to remain with the Companies until retirement from active service.

The Plan as hereby amended is a qualified pension plan which is intended to comply with the provisions of Section 401(a) of the Code, other applicable provisions of the Code and ERISA. The rights of any person who terminated employment or who retired on or before the effective date of a particular amendment, including his eligibility for benefits and the time and form in which benefits, if any, will be paid, shall be determined solely under the terms of the Plan as in effect on the date of his termination of employment or retirement, unless such person is thereafter reemployed by a Company and again becomes a Participant.

ARTICLE I
DEFINITIONS

* * * *

Section 1.3 - Accrued Benefit

The "Accrued Benefit" of a Participant means the Accrued Benefit as defined in the Applicable Exhibit.

* * * *

Section 1.5 - Administrator

"Administrator" means Hughes acting through its officers or their delegates, and not through its Board of Directors, except that during such time as the Committee is in existence, such Committee shall be the Administrator. The Administrator shall function as provided in the Plan, the Trust Agreement and ERISA.

* * * *

Section 1.8 - Applicable Exhibit

"Applicable Exhibit" means each exhibit attached hereto that by its terms apply to a particular Participant and his Benefit.

* * * *

Section 1.10 - Benefit

The "Benefit" of a Participant means payments payable in the amounts, to the persons, at the times, and over the applicable period (including any final lump-sum payment) specified in Article IV.

* * * *

Section 1.46 - Plan

"Plan" means the Hughes Non-Bargaining Retirement Plan and the Applicable Exhibits as they have been or may be amended from time to time.

* * * *

Section 1.49 - Rules of the Plan

"Rules of the Plan" means rules and regulations of interpretation, administration, and application of the Plan, as properly established and consistently applied by the Administrator.

* * * *

Section 1.53 - Trust

"Trust" means the trust established pursuant to the Trust Agreement.

Section 1.54 - Trust Agreement

"Trust Agreement" means that certain Trust Agreement Pursuant to Hughes Retirement Plans, as it may be amended from time to time, providing for the investment and administration of the Trust Fund. By this reference, the Trust Agreement is incorporated herein.

* * * *

Section 1.56 - Trust Fund

"Trust Fund" means the fund established under the Trust Agreement by contributions made by the Companies to the Plan, and any subfund established in accordance with Section 6.7(c), and from which any distributions under the Plan are to be made.

Section 1.57 - Vested

"Vested" means non-forfeitable when used with reference to a Participant's Benefit, except to the extent provided under the Applicable Exhibit.

ARTICLE II
ELIGIBILITY

Section 2.1 - Requirements for Participation

The requirements for participation are as set forth in the Applicable Exhibit.

* * * *

ARTICLE III
FUNDING OF BENEFITS

Section 3.1 - Source of Contributions

The cost of Benefits under the Plan, to the extent not provided by contributions of Participants if required under the Applicable Exhibit, shall be provided by contributions of the Companies not less than in such amounts, and at such times, as the Plan Enrolled Actuary shall certify to be necessary, to fund Benefits under the Plan in accordance with the actuarial assumptions selected by such Actuary from time to time in accordance with Section 1.4, and the funding policies and method selected from time to time by the Administrator as permitted by law and, to the extent required by law, with the consent of the Secretary of the Treasury.

Section 3.2 - Limitations

The contribution of a Company to the Trust Fund for any taxable year shall be not less than that amount necessary to maintain the qualified status of the Plan and Trust, and to comply with all applicable legal requirements.

Sections 3.3 - Application of Forfeitures

Forfeitures shall not be applied to increase the Benefits any Participant would otherwise receive under the Plan, and shall be applied to reduce contributions of the Companies.

ARTICLE IV
RETIREMENT, TERMINATION OR DEATH

Section 4.1 - Benefits

A Participant shall be entitled to a Benefit upon retirement, termination or death as determined in Article IV as set forth in this Article and the Applicable Exhibit. Except as otherwise provided in the Plan, no interest shall be paid on any Benefit payment received by a Participant or Beneficiary under the Plan.

Section 4.2 - Limitation on Benefits

(a) Notwithstanding any other provisions of the Plan, in no event may that portion of a Participant's Benefit paid in any one calendar year (which shall be the limitation year of the Plan) under this Plan and any other defined benefit plan maintained by the Companies and not attributable under Regulations of the Secretary of the Treasury or his delegate to benefits directly transferred to this Plan from another qualified plan, exceed an amount Actuarially Equivalent to a benefit payable annually in the form of a straight life annuity (with no ancillary benefits) in the lesser of (i) or (ii) below, where

(i) is \$108,963 effective January 1, 1991. Each January thereafter the dollar limitation will be automatically adjusted by multiplying such limit by the cost of living adjustment factor prescribed by the Secretary of the Treasury under section 415(d) of the Code in such manner as the Secretary shall prescribe; and where

(ii) is 100% of the Participant's average Compensation for the three (3) consecutive calendar years while participating in the Plan in which the Participant's Compensation was highest.

(b) If the retirement Benefit commences before the Participant's Social Security Retirement Date but on or after the date the Participant reaches age sixty-two (62), the

maximum annual benefit described in subsection (a) (i) shall be adjusted, in accordance with regulations issued by the Secretary of the Treasury, consistent with the reduction for old-age insurance benefits commencing before Social Security Retirement Date. If the retirement Benefit under the Plan commences before age sixty-two (62), the maximum annual benefit described in subsection (a) (i) determined at age sixty-two (62) as provided herein shall, in accordance with regulations issued by the Secretary of the Treasury, be reduced actuarially to the date the Benefit commences, using an interest rate which is the greater of 5% or the rate described in Section 1.4 used to determine the Actuarial Equivalent of the Early Retirement Benefit. If the retirement Benefit under the Plan commences after the Participant's Social Security Retirement Date, the Benefit may not exceed the dollar limitation described in subsection (a) (i) actuarially adjusted to the Participant's Social Security Retirement Date utilizing an interest rate assumption of the lesser of 5% or the rate described in Section 1.4.

(c) If the Participant has less than ten (10) years of participation in the Plan, the dollar limitation in subsection (a) (i) is reduced by one-tenth for each year of participation (or part thereof) less than ten (10). To the extent provided in regulations or in other guidance issued by the Internal Revenue Service, the preceding sentence shall be applied separately with respect to each change in the benefit structure of the Plan. If the Participant has less than ten (10) Years of Vesting Service with the Company, the amount in subsection (a) (ii) is reduced by one-tenth for each Year of Vesting Service (or part thereof) less than ten (10). The adjustments contained herein shall be applied in the denominator of the defined benefit fraction described in subsection (f) (i) based upon Years of Vesting Service. Years of Vesting Service shall include future years occurring before the Participant's Normal Retirement Date. Such future years shall include the year which contains the date the Participant reaches Normal Retirement Date, only if it can

be reasonably anticipated that the Participant will receive a Year of Vesting Service for such year.

(d) If the Participant's Benefit payable under this Plan is payable in a form other than a benefit payable on a straight life annuity or a qualified joint and survivor life annuity, the Benefit shall be the Actuarial Equivalent of the straight life annuity.

(e) In the case of any Employee who is a Participant in this Plan and in any defined contribution plan of the Company, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any year shall not exceed 1.0. In the event the sum of such fractions exceed 1.0, the Administrator shall prescribe the manner in which the annual benefits to this Plan or the annual addition under the Company's defined contribution plans, if any, shall be reduced in order that no plans shall be disqualified under applicable sections of the Code.

(f) For purposes of applying the limitations of subsection (e), the following definitions shall apply:

(i) the term "defined benefit plan fraction" shall mean a fraction the numerator of which is the projected annual benefit payable under this Plan or any other defined benefit plan of the Company (determined as of the close of the limitation year), and the denominator of which is the lesser of the product of 125% multiplied by the dollar limitation in effect under Section 415 (b) (1) (A) of the Code for such year, or the amount determined under subsection (a)(i) multiplied by 140%.

(ii) the term "defined contribution plan fraction" shall mean the aggregate annual additions to all of the Company's defined contribution plans (whether or not terminated) determined as of the close of the limitation year without regard to limitations on contributions over the sum of the lesser of the following amounts determined for such year and for each prior year of service with the Company: the dollar limitation

determined under Sections 415(b) and (d) of the Code in effect under Section 415 (c) (1) (A) of the Code for such year (determined without regard to Section 415 (c) (6) of the Code) multiplied by 125%, or 35% of the Participant's Compensation determined for such year.

(iii) for purposes of subsection (a) (ii), Compensation means a Participant's earned income, wages, salaries, and fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Company to the extent such amounts are includable in gross income (including, but not limited to, commissions paid salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses, fringe benefits, reimbursements and expense allowances), and excluding the following:

a. contributions of the Company to a plan of deferred compensation which are not included in the Participant's gross income for the taxable year in which contributed or Company contributions under a simplified employee pension plan to the extent such contributions are deductible by the Participant, or any distributions from a plan of deferred compensation;

b. amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

c. amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

d. other amounts which received special tax benefits, or contributions made by the Company (whether or not under a salary reduction agreement) towards the purchase of an annuity described in Section 403(b) of the Code (whether

or not the amounts are actually excludable from the gross income of the Participant.)

* * * *

ARTICLE V

ADMINISTRATIVE PROVISIONS

Section 5.1 - Administrative Duties and Powers of the Administrator

The Administrator shall conduct the general administration of the Plan in accordance with the Plan and shall have the discretionary power and authority to carry out that function including the following powers and authority:

(a) To determine questions of eligibility of Participants and the entitlement to Benefits of Participants, Former Participants, Beneficiaries, Contingent Annuitants and all other persons.

(b) As required by law, to engage and designate the Plan Enrolled Actuary, a qualified public accountant meeting the requirements of Section 103 (a) (3) (D) of ERISA, and other actuaries, accountants, attorneys, appraisers, brokers, consultants, administrators, physicians or other persons and (with the Companies and their officers, directors and employees) to rely upon the advice, opinions or valuations of any such persons and, except as required by law, be fully protected in acting or relying thereon in good faith.

(c) To interpret and construe the terms of the Plan.

(d) To conduct claims procedures as provided in Section 5.11.

(e) To delegate any power or duty to any other person or persons including a committee appointed pursuant to Section 5.3.

(f) To impose a reasonable charge to cover the cost of furnishing to Participants or Beneficiaries upon their written request documents as required under Section 104(b) (4) of ERISA (but not for furnishing information, statements or documents as required by Section 104(b) (1), (2) or (3) or Section 104 (c) or Section 105 (a) or (c) of ERISA).

(g) To exercise any powers delegated to the Administrator by the Trust Agreement.

Section 5.2 - Limitations Upon Powers of the Administrator

The Plan shall not be operated so as to discriminate in favor of Participants who are officers or shareholders or who are highly compensated. The Plan shall be uniformly and consistently interpreted and applied with regard to all Participants in similar circumstances. The Plan shall be administered, interpreted and applied fairly and equitably and in accordance with the specified purposes of the Plan.

Section 5.3 - Administrative Committee

Hughes may, but need not, appoint an Administrative Committee consisting of one or more members appointed by and holding office during Hughes's pleasure to function as the Administrator.

* * *

Section 5.10 - Effect of Administrator Action

Except as provided in Section 5.11, all actions taken and all determinations made by the Administrator in good faith shall be final and binding upon all Participants, Former Participants, the Trustee, and any person interested in the Plan or the Trust Fund.

Section 5.11 - Claims Procedures

(a) A claim by a Participant, Former Participant, Beneficiary or any other person shall be presented to the Manager, Employee Benefits, Corporate Human Resources of

Hughes or such other claims official as may be appointed by Hughes in writing within the maximum time permitted by law or under the regulations promulgated by the Secretary of Labor or his delegate pertaining to claims procedures.

(b) The claims official shall, within a reasonable time, consider the claim and shall issue his or her determination thereon in writing.

(c) If the claim is granted, the appropriate distribution or payment shall be made from the Trust Fund or by the Companies.

(d) If the claim is wholly or partially denied, the claims official shall, within a reasonable time, provide the claimant with written notice of such denial, setting forth, in a manner calculated to be understood by the claimant,

(i) the specific reason or reasons for such denial,

(ii) specific references to pertinent Plan provisions on which the denial is based,

(iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and

(iv) an explanation of the Plan's claim review procedure.

(e) The Administrator shall provide each claimant with a reasonable opportunity to appeal the claims official's denial of a claim to it for a full and fair review. The claimant or his or her duly authorized representative

(i) may request a review upon written application filed with the Administrator,

(ii) may review pertinent documents, and

(iii) may submit issues and comments in writing.

(f) The Administrator may establish such time limits within which a claimant may request review of a denied claim as are reasonable in relation to the nature of the benefit which is the subject of the claim and to other attendant circumstances but which, in no event, shall be less than sixty (60) days after receipt by the claimant of written notice of denial of his or her claim.

(g) The decision by the Administrator upon review of a claim shall be made not later than sixty (60) days after its receipt of the request for review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of such request for review.

(h) The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant with specific references to the pertinent Plan provisions on which the decision is based.

(i) To the extent permitted by law, the decision of the claims official (if no review is properly requested) or the decision of the Administrator on review, as the case may be, shall be final and binding on all parties, if warranted on the record and reasonably based on the law and the provisions of the Plan and Trust Agreement.

* * * *

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1 - Termination of Plan

While the Plan is intended as a permanent program, a Company shall have the right at any time to declare the Plan terminated as to that Company or to discontinue its contributions to the Plan. In the event of such termination or

discontinuance, or in the event of partial termination or discontinuance to the extent applicable to the Participants affected thereby, the rights of all Participants in the employ of such Company to their Accrued Benefits, to the extent then funded, shall thereupon vest in full, subject to the order of priority set forth below. In the event of complete termination or discontinuance, the Administrator shall direct the Trustee to make a prompt determination of the fair market value of the Trust Fund and subject to the provisions of Section 6.7(c), the proportionate amount there of shall then be applied so as to provide (to the extent not already provided) Benefits in said order of priority, satisfying the requirements of each class in full before proceeding to the next class. Benefits for affected Participants shall be computed on the basis of Compensation received prior to the date of said termination or discontinuance and the funds then available, and proportionately reducing Benefits within the class as to which funds are adequate to provide Benefits in full, and such amounts when determined shall remain fixed regardless of any person's employment status thereafter. Subject to the provisions of Section 6.7 (c), such allocation shall be as follows:

(a) To provide a Normal Retirement Benefit, Early Retirement Benefit and Late Retirement Benefit to each Participant, Former Participant, Contingent Annuitant, or Beneficiary in an amount equal or Actuarially Equivalent to the Participant's unpaid Accrued Benefit Derived from Participant Contributions. For all purposes of this Section, cash payment may be made if so determined by the Administrator, without election by the Participant or limit on amount.

(b) To so provide all such Benefits payable as monthly payments in excess of amounts determined under subsection (a)

(i) Which were in pay status as of the beginning of the three-year period ending on the date of such termination or discontinuance as designated by the Administrator, in a manner not inconsistent with applicable law and regulations, based on

the provisions of the Plan (as in effect during the five-year period ending on such date) under which such Benefit would be the least, with the lowest Benefit in pay status during such three-year period considered the Benefit in pay status, and

(ii) Which would have been in pay status as of the beginning of such three-year period if the Participant had retired prior to the beginning of such three-year period and if his Benefit had commenced as a Normal Retirement Benefit as of the beginning of such period, to each such Benefit based on the provisions of the Plan (as in effect during the five-year period ending on such date) under which such Benefit would be the least.

(c) To so provide

(i) All other Benefits (if any) of individuals under the Plan guaranteed under Title IV of ERISA (determined without regard to Section 4022 (B) (a) thereof), and

(ii) The additional Benefits (if any) which would be determined under clause (i) if Section 4022(b) (5) of ERISA did not apply.

(d) To so provide all other Benefits under the Plan to the extent Vested without regard to this Section.

(e) To so provide all other Benefits under the Plan.

(f) To return surplus assets, if any, to Hughes or the Companies upon full satisfaction of the foregoing, upon full satisfaction of all liabilities described herein in accordance with Section 4044 (d) of ERISA, and in accordance with the Trust Agreement.

Section 6.2 - Suspension or Return of Contributions

(a) A Company shall have the right to suspend its contributions to the Plan at any time for a fixed period of time, and such period may be extended by subsequent actions of such Company. Such suspension shall automatically become a discontinuance of contributions as under Section 6.1 at any time at which in the opinion of the Plan Enrolled Actuary such

suspension affects the benefits to be paid or made available under the Plan. No such suspension shall be allowed to create an "accumulated funding deficiency" under Section 302 (a) (2) of ERISA, unless the Plan is then terminated under Section 6.1; provided that in the event of an unintentional creation of an accumulated funding deficiency, the Companies shall have ninety (90) days after such a deficiency is finally determined to correct it without such termination. In the event of such suspension, the Plan shall otherwise remain in full force and effect.

(b) Contributions to the Plan may not be returned to a Company, except as follows:

(i) If any contribution of a Company is not allowable or is disallowed as a federal tax deduction, such contribution must be returned to the Company;

(ii) If, in the event of Plan termination, the assets of the Plan are in excess of the amounts required to provide Plan Benefits, then the excess may be returned to the Company as provided in Section 6.1; or

(iii) If a contribution is made by a Company by a mistake of fact, the contribution may be returned to the Company within one year after the payment of the contribution.

Section 6.3 - Limitation on Rights of Participants

The Plan is strictly a voluntary undertaking on the part of the Companies and shall not constitute a contract between any Company and any Participant, or consideration for, or an inducement or condition of, the employment of a Participant. Nothing contained in the Plan shall give any Participant the right to be retained in the service of a Company or to interfere with or restrict the right of the Companies, which is hereby expressly reserved, to discharge or retire any Participant, except as provided by law, at any time with or without cause. Inclusion under the Plan will not give any Participant any right or claim to a retirement income or any other Benefit hereunder

except to the extent such right has specifically become fixed under the terms of the Plan and there are funds available therefor in the hands of the Trustee or he is entitled to benefit payments from the Pension Benefit Guaranty Corporation. The doctrine of substantial performance shall have no application to Participants. Each condition and provision, including numerical items, has been carefully considered and constitutes the minimum limit on performance which will give rise to the applicable right.

* * * *

Section 6.5 - Amendment of Plan

(a) As limited by the Trust Agreement, Sections 6.1 and 6.2 of the Plan and any applicable law, the Plan may be wholly or partially amended or otherwise modified retroactively or prospectively from time to time by Hughes and as approved by the Board. No amendment which changes the duties or powers of the Trustee shall be adopted without its approval.

(b) Subject to Section 6.1 and the Trust Agreement, no amendment shall be made at any time under which any part of the Trust Fund may be diverted to purposes other than for the exclusive benefit of Participants and their Beneficiaries or which shall decrease the percentage or amount of the interest of any Participant which shall theretofore have become Vested, or which shall decrease his Accrued Benefit.

(c) Notwithstanding anything herein to the contrary, this Plan may be amended prospectively or retroactively at any time by Hughes, upon reasonable notice to the Trustee, if deemed necessary to conform to the provisions and requirements of ERISA or the Code or regulations promulgated pursuant thereto in order to maintain the tax-exempt status of the Plan, or to conform to the provisions and requirements of any law, regulation, order or ruling affecting the character or purpose of the Plan.

* * * *

Section 6.7 - Consolidation or Merger

(a) In the event of the consolidation or merger of a Company with or into any other corporation, or the sale by a Company of its assets, the resulting successor may continue the Plan by adopting the same by resolution of its board of directors and by executing proper supplemental agreements with the Trustee. If within ninety (90) days from the effective date of such consolidation, merger or sale of assets, such new corporation does not adopt the Plan, the Plan shall be terminated as to that Company in accordance with Section 6.1.

(b) There shall be no merger or consolidation with, or transfer of assets or liabilities of the Plan to any other Plan unless each Participant in this Plan would (if the combined or successor plans were then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the Benefit he would have been entitled to receive under this Plan immediately before the merger, consolidation or transfer (if the Plan had then terminated).

(c) Any Company which adopts this Plan and which has maintained a predecessor plan or whose Employees participated in a predecessor plan shall adopt this Plan as a separate, and not a merged or combined Plan as to such Company for purposes of Sections 414(b) and 401(a) (12) of the Code, and Section 208 of ERISA, and the Trustee shall maintain in a separate subfund all assets acquired from such predecessor plan and all subsequent contributions by such Company under Section 3.1, as are actuarially determined to be required with respect to such predecessor plan, and shall pay all benefits attributable to such predecessor plan to Employees of such Company out of such separate subfund.

* * * *

Section 6.10 - Named Fiduciaries

(a) The Administrator and Hughes shall be named fiduciaries within the meaning of ERISA and, as permitted or

required by law, shall have exclusive authority and discretion to control and manage the operation and administration of the Plan within the limits set forth in the Trust Agreement, subject to proper delegation, and shall have the discretionary authority to determine eligibility for benefits and to construe the terms of the Plan.

(b) Such named fiduciaries, each investment manager within the meaning of Section 3(38) of ERISA and every person who exercises any discretionary authority or discretionary control respecting management of the Trust Fund or Plan, or exercises any authority or control respecting the management or disposition of the assets of the Trust Fund or Plan, or renders investment advice for compensation, direct or indirect, with respect to any moneys or other property of the Trust Fund or Plan or has authority or responsibility to do so, or has any discretionary authority or discretionary responsibility in the administration of the Plan, and any person designated by a named fiduciary to carry out fiduciary responsibilities under the Plan, shall be fiduciaries and, as such, shall be subject to provisions of the Plan, the Trust Agreement, ERISA and other applicable laws governing fiduciaries. Any person may act in more than one fiduciary capacity.

Section 6.11 - Allocation of Fiduciary Responsibilities

(a) Fiduciary responsibilities under the Plan are allocated as follows:

(i) the sole power and discretion to manage and control the Plan's assets including, but not limited to the power to acquire and dispose of Plan assets, is allocated to, the Trustee, except to the extent that another fiduciary is appointed with the power to control or manage (including the power to acquire and dispose of) assets of the Plan.

(ii) the sole duties, responsibilities and powers allocated to the Companies and to the boards of directors of the

Companies shall be those expressed in the Plan or the Trust Agreement.

(iii) all fiduciary responsibilities not allocated to the Trustee, the board of directors of any Company, the Companies or any investment manager or other person or persons granted investment powers are hereby allocated to the Administrator, subject to delegation in accordance with Section 5.1(e).

(b) Fiduciary responsibilities under the Plan (other than the power to manage or control the Plan's assets) may be reallocated among fiduciaries by amending the Plan in the manner prescribed in Section 6.5, followed by such fiduciaries' acceptance of, or operation under, such amended Plan.

* * * *

Section 6.13 - Governing Law

The Plan and Trust Agreement shall be interpreted, administered and enforced in accordance with the Code and ERISA and the rights of Participants, Former Participants, Beneficiaries and all other persons shall be determined in accordance therewith; provided, however, that to the extent that state law is applicable, the laws of the State of California shall apply.

* * * *

Executed at Los Angeles, California, this 4th day of April, 1991.

HUGHES AIRCRAFT COMPANY

| | |
|-------|---|
| By | <u>Michael T. Smith /s/</u> |
| Title | <u>Executive Vice President and Chief Financial Officer</u> |
| By | <u>D. Kenneth Richardson /s/</u> |
| Title | <u>President and Chief Operating Officer</u> |

APPROVED:

By John J. Higgins /s/
 Title Senior Vice President and
 General Counsel

* * * *

EXHIBIT A

This Exhibit A contains additional terms of the Plan that apply to Participants in the contributory benefit structure, and are effective January 1, 1991, unless indicated otherwise.

ARTICLE I-ADEFINITIONSSection 1.1-A - Accrued Benefit

The "Accrued Benefit" of a Participant, as of his Separation from the Service, means the greatest of (a), (b), or (c):

(a) His Normal Retirement Benefit determined without regard to the Benefit Based on Final Average Monthly Compensation, but with reference to the greater of the Minimum Benefit or Career Average Benefit, calculated on the basis of his Benefit Accrual Service as of such Separation from the Service, or

(b) His Normal Retirement Benefit Based on Final Average Monthly Compensation

(i) calculated as if

a. there were added to his Total Benefit Accrual Service the period from the date of such Separation from the Service to his Normal Retirement Date, and

b. his Primary Insurance Amount were determined under Section 1.19-A, and

(ii) multiplied by a fraction, the numerator of which is his Total Benefit Accrual Service computed without the addition in subparagraph a and the denominator of which is his Total Benefit Accrual Service computed with such addition.

(c) The Actuarial Equivalent of his total Participant Contributions without interest, exclusive of Participant Contributions made prior to a break in Continuous Service commencing before 1976.

(d) For purposes of providing a transition for the implementation of the limitation on Compensation in excess of \$200,000 (as adjusted) as provided in Section 1.7-A (b) (hereinafter "Compensation Limitation"), the Participant's Accrued Benefit shall be the greater of (i) or (ii), but in no event greater than (iii), as follows:

(i) the Participant's Accrued Benefit as of November 30, 1989, determined without regard to the Compensation Limitation, plus the Participant's Accrued Benefit accrued from December 1, 1989, with regard to the Compensation Limitation,

(ii) the Participant's Accrued Benefit determined on the basis of Total Benefit Accrual Service and by applying the Compensation Limitation to all such Benefit Accrual Service,

(iii) the Participant's Accrued Benefit determined on the basis of Total Benefit Accrual Service without regard to the Compensation Limitation.

Section 1.2-A - Accrued Benefit Derived from Company Contributions

The "Accrued Benefit Derived from Company Contributions" of a Participant as of his Separation from the Service means that Benefit equal to the excess (if any) of the Participant's Accrued Benefit minus his Accrued Benefit Derived from Participant Contributions.

Section 1.3-A - Accrued Benefit Derived from Participant Contributions

The "Accrued Benefit Derived from Participant Contributions" of a Participant as of his Separation from the Service means the greater of:

(a) His Accrued Benefit, or

(b) His annual benefit in the form of a single life annuity (without ancillary benefits) commencing at Normal Retirement Date, determined by converting his Participant Contributions Account by using an interest rate which would be used as of

the first day of the month coincident with or next following his Separation from the Service under the Plan under Section 417 (e) (3) (B) of the Code.

Section 1.4-A - Benefit Accrual Service

"Benefit Accrual Service" of a Participant means the total, expressed in years and fractional years, of:

(a) Those Accounting Months (treating each Accounting Month as one-twelfth (1/12th) year and excluding Accounting Months commencing before a break in his Continuous Service commencing before 1976) for any part or all of which he made contributions to the Plan as a Participant or as a participant in the Income Insurance Plan; and, as applicable, either

(b) For a person employed by a Company on January 1, 1980, benefit accrual service credited to such Employee under the Hughes Retirement Plan prior to January 1, 1980, provided such Employee was not an Employee in a Bargaining Unit on such January 1st, or

(c) For a former Employee not employed by a Company on January 1, 1980, benefit accrual service credited to such former Employee under the Hughes Retirement Plan prior to January 1, 1980, provided such former Employee's last job classification was not treated as an Employee in a Bargaining Unit.

Section 1.5-A - Benefit Based on Final Average Monthly Compensation

The "Benefit Based on Final Average Monthly Compensation" means the Benefit determined under Section 4.3-A.

Section 1.6-A - Career Average Benefit

The "Career Average Benefit" means the Benefit determined under Section 4.5-A.

Section 1.7-A - Compensation

(a) "Compensation" of a Participant for any Plan Year commencing on and after December 1, 1989:

(i) means (except as provided in subsection (b)) his base pay, shift differential pay, Company sick leave pay, payments of state unemployment compensation for disability while receiving Company sick leave pay, payments of workers' compensation for disability while receiving Company sick leave pay, payment for overtime hours, vacation actually taken, holiday, bereavement, personal leave, jury duty or military training pay, sea duty premium, hazard area premium, domestic field allowances, flight pay, compensable travel pay, capture and detention pay, foreign service premiums, working leader bonuses, sales commissions or bonuses, cost of living allowances, amounts paid under the Hughes Salary Adjustment Plan, Hughes Supplemental Compensation Plan, the Hughes Management Incentive Plan and the Hughes Investment Management Company Incentive Plan, amounts deferred by the Participant and contributed as a Company contribution to the Hughes Salaried Employees' Thrift and Savings Plan and amounts deferred by a Participant to the flexible spending account in a Company cafeteria plan under Section 125 of the Code, but

(ii) shall exclude Compensation of any Participant in excess of \$209,200, as adjusted by the Secretary of the Treasury at the same time and in the same manner as under Section 415 (d) of the Code, except that the dollar increase in effect on January 1st of any calendar year commencing on or after January 1, 1991, is effective for the Plan Year that next commences, shall exclude any compensation paid or not paid by a Company (unless specifically included in paragraph (i), foreign service allowances for post, quarters, education, dual housing, home leave and tax differential, profit-sharing payments, public or private retirement payments, contributions (except Employee contributions) or benefits, retainers, insurance benefits or Company-paid premiums, payments for

vacation not taken, and any other special payments not specifically included in paragraph (i).

(b) For a Participant who elects to participate under the non-contributory benefit structure under Exhibit B, commencing January 1, 1991, Compensation will have the meaning as provided in Section 1.3-B.

Section 1.8-A - Cost of Living Adjustment

The "Cost of Living Adjustment" means the adjustment determined under Section 4.13-A.

Section 1.9-A - Death Benefit

"Death Benefit" means the Benefit provided following the death of a Participant determined under Section 4.11-A.

Section 1.10-A - Early Retirement Benefit

"Early Retirement Benefit" of a Participant or Former Participant means the Benefit payable to or with respect to him under Section 4.7-A.

Section 1.11-A - Joint and Survivor Annuity

"Joint and Survivor Annuity" of a Participant or Former Participant means the form of Benefit payable to or with respect to him under Section 4.15-A.

Section 1.12-A - Late Retirement

"Late Retirement" of a Participant or Former Participant means his retirement upon his Late Retirement Date.

Section 1.13-A - Late Retirement Benefit

"Late Retirement Benefit" of a Participant or Former Participant means the Benefit payable to or with respect to him under Section 4.9-A.

Section 1.14-A - Minimum Benefit

The "Minimum Benefit" means the Benefit determined under Section 4.4-A.

Section 1.15-A - Normal Retirement Benefit

"Normal Retirement Benefit" of a Participant or Former Participant means the Benefit payable to or with respect to him under Section 4.2-A.

Section 1.16-A - Optional Retirement Benefit

"Optional Retirement Benefit" of a Participant or Former Participant means the optional form of Benefit payable to or with respect to him under Section 4.14-A.

Section 1.17-A - Participant Contributions

"Participant Contributions" of a Participant means his contributions to the Plan under Section 3.1-A or its predecessor.

Section 1.18-A - Participant Contributions Account

"Participant Contributions Account" of a Participant means his individual account established in accordance with Section 3.4-A.

Section 1.19-A - Primary Insurance Amount

The "Primary Insurance Amount" of a Participant means the monthly primary insurance amount of his old age insurance benefit determined as of his Normal Retirement Date under the federal Social Security Act as in effect on the date of his Separation from the Service, whether more or less than the amount which would be payable if such Act remained unamended until that Date and whether or not the Participant actually applies for and receives such amount for any month, by assuming that he will receive Compensation at rates applicable on the date of such Separation from the Service, over a further period of employment extending to his Normal Retirement Date. The Primary Insurance Amount of a Participant who again becomes a Participant following his Separation from the Service shall in no event exceed the amount which would produce that Normal Retirement Benefit to which such Participant would have been entitled had he not again become an Employee following such Separation from the

Service. For any Participant for whom the Primary Insurance Amount cannot be ascertained as herein provided, said amount shall be that amount which the Administrator shall reasonably estimate. The Primary Insurance Amount determined herein for any Participant will be adjusted to reflect the actual salary history for years previously estimated before his Separation from the Service if the Participant supplies documentation of that history. Such documentation must be provided no later than a reasonable period of time following the later of the date of his Separation from the Service and the time the Participant is notified of the Benefit to which he or she is entitled. No Benefit hereunder shall be decreased by reason of any increase in the benefit levels payable under Title II of the Social Security Act or any increase in the wage base under such Title II, if such increase takes place after September 2, 1974, or (if later) the earlier of the date of first receipt of such Benefits or the date of Separation from the Service of the Participant to whom or with respect to whom such Benefits are paid, as the case may be.

Section 1.20-A - Vested Retirement Benefit

"Vested Retirement Benefit" of a Participant or Former Participant means the benefit which is nonforfeitable in accordance with Section 4.12-A.

ARTICLE II-A

ELIGIBILITY

Section 2.1-A - Requirements for Participation

(a) Effective January 1, 1991,

(i) any hourly Employee who was a Participant in the Plan on December 31, 1990, and who is not an Employee in a Bargaining Unit, and

(ii) any salaried Employee who was a Participant in the Plan on December 31, 1990, who is not an Employee in a Bargaining Unit, and who as a salaried Employee does not

elect in writing by December 21, 1990, to participate in the non-contributory benefit structure set forth in Exhibit B, shall remain a Participant until Section 2.2 applies to him.

(b) Any other salaried Employee who:

(i) is an Employee of the Company on August 1, 1990, and

(ii) completes either:

a. a twelve-month period commencing with

1. his first Hour of Service since the date he was hired as an Employee of a Company (whether or not then a Company), or

2. his Anniversary Date

in which period he had completed one thousand (1,000) or more Hours of Service, or

b. twelve (12) months of Company Service, and

(iii) is not an Employee in a Bargaining Unit, and

(iv) is on the United States payroll of a Company (as maintained by such Company in accordance with its established practice), and

(v) elects in writing by December 21, 1990, to be a Participant,

shall become a Participant on the entry date determined as the first Monday of the calendar month coincident with or next following his satisfaction of such requirements.

(c) Any Participant whose participation is terminated by a Separation from the Service after August 1, 1990, shall not be eligible to again become a Participant upon again becoming an Employee.

(d) Any Former Participant who was a salaried Employee and who has a Separation from the Service prior to December 21, 1990, because of a layoff shall be eligible to again become

a Participant upon being recalled from layoff, by again becoming a salaried Employee, and by electing to be a Participant within such time as may be determined by the Administrator.

Section 2.2-A - Suspension During Continuous Service

A Participant may suspend his participation in the Plan during his Continuous Service at any time by giving such advance written notice to the Administrator as is required under the Rules of the Plan that he declines to make contributions under Section 3.1-A, which notice shall be effective and irrevocable for a period of twelve (12) calendar months in accordance with its terms upon receipt by the Administrator.

Section 2.3-A - Forfeitures

If a Participant has a Separation from the Service for any reason prior to obtaining a fully Vested Retirement Benefit, the invested portion of his Accrued Benefit Derived from Company Contributions shall be forfeited at the earlier of:

(a) That date when the number of his consecutive Break in Service Years equals five (5), or

(b) His withdrawal of Participant Contributions under Section 3.5-A (a) provided that any such invested portion shall be restored subject to subsequent forfeiture under this Section, if, before subsection (a) applies, he restores such withdrawn Contributions with interest under Section 3.5-A (b).

ARTICLE III-A
FUNDING BENEFIT

Section 3.1-A - Participant Contributions

As a condition of his admission to and continued active participation in the Plan, each Participant, except a Participant on inactive status under Section 2.4, shall contribute to his Participant Contributions Account for each payroll period during his participation in the Plan prior to his Early, Normal or Late Retirement Date (and for Plan Years ending prior to December 1, 1988, limited to his participation in the Plan prior to his Early or Normal Retirement Date), as provided under Rules of the Plan, on and after January 1, 1986, 3% of his Compensation earned in the Plan Year (and prior to January 1, 1986, 2% of the first \$3,600 of his Compensation earned in a Plan Year and 4% of such Compensation, if any, in excess of \$3,600). A Participant, who is an Employee, except a Participant on inactive status under Section 2.4, receiving Benefits under the Income Insurance Plan shall contribute on and after January 1, 1986, 3% (and prior to January 1, 1986, 4%) of his regular pay, including any shift differential and then current cost-of-living allowances for his job classification and regularly-scheduled work-week at the rate in effect on his last day on the job.

Section 3.2 -A - Withholding of Contributions

A Participant's Contributions to his Participant Contributions Account shall be withheld by the Company for each payroll period from his pay, or shall be paid in cash to the extent of any excess of such contributions over the amount available for withholding, or by the insurer from his benefits under the Income Insurance Plan.

Section 3.3-A - Deposit of Participant Contributions

A Participant's Contributions shall be transmitted to the Trustee not later than the end of the calendar month following the calendar month in which such contributions are made.

Section 3.4-A - Participant Contributions Accounts

The Administrator shall maintain a Participant Contributions Account for each Participant who has made Participant Contributions to the Plan, to which Account shall be credited the balance, if any, in such Account as of December 31, 1975, exclusive of amounts related to Participant Contributions made before a break in Continuous Service commencing before 1976, together with contributions or repayments, if any, under Section 3.1-A or 3.5-A(b), and less withdrawals under Section 3.5-A(a) and, on the aggregate net amount so credited, interest compounded annually from the end of the Plan Year in which they were credited to his Participant Contributions Account at the rate of 5% per year commencing January 1, 1976, through November 30, 1988, for Plan Years beginning after November 30, 1988, and ending with the date of his Separation from Service on which the determination is being made, interest compounded annually at 120% of the federal mid-term rate as in effect under Section 1274 of the Code on December 1st of each Plan Year. From the date of his Separation from the Service and ending on the date of withdrawal of Participant Contributions under Section 3.5-A(a), the Participant shall be entitled to the present value of his Accrued Benefit Derived from Participant Contributions calculated using the Accrued Benefit Derived from Participant Contributions determined on his Separation from the Service and using an interest rate which would be used as of the date of withdrawal under the Plan under Section 417(e) (3) (B) of the Code.

Section 3.5-A - Withdrawals and Repayments

(a) Subject to the vesting provisions of Section 4.12-A, a Participant who has a Separation from the Service may withdraw in cash the amount referred to in Section 4.2-A(a) (ii) a of the Normal Retirement Benefit upon written notice to the Administrator at any time during a Separation from the Service provided that such written notice is given prior to the Participant's Annuity Starting Date. If the withdrawal occurs in connection with the retirement of the Participant, the determination of the amount of the withdrawal will be calculated to the Participant's Annuity Starting Date. For all other withdrawals hereunder, interest shall be calculated on the amount of the withdrawal as of the first day of the month following the receipt of written notice.

(b) A Participant, but not a Former Participant, may within sixty (60) months following his first rehire or recall and prior to his Annuity Starting Date while employed by the Company, repay to the Trust in full (but not partially) the amount he withdrew under subsection (a) after 1975 (but not earlier), together with interest compounded annually on such amount at the rate referred to in Section 3.4-A, and shall thereby be restored to the same Accrued Benefit he would have had if no withdrawal had been made after 1975.

(c) Withdrawals from the Plan other than as permitted in subsection (a) are prohibited.

ARTICLE IV-A

RETIREMENT, TERMINATION, OR DEATH

Section 4.1-A - Normal Retirement

A Participant shall be entitled to his Normal Retirement Benefit hereunder on his Normal Retirement Date, unless the Participant elects his Early Retirement Benefit or Late Retirement Benefit.

Section 4.2-A - Normal Retirement Benefit

(a) A Participant who retires on his Normal Retirement Date shall receive a Normal Retirement Benefit, which, subject to the provisions of the Optional Retirement Benefit and the Joint and Survivor Annuity, shall consist of:

(i) a monthly payment on the first day of each calendar month commencing with his Normal Retirement Date and ending with the last such payment before his death, and

(ii) a payment within five (5) years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of

a. the sum, net of any unrepaid withdrawals after 1975 under Section 3.5-A, of

1. the balance, if any in his Participant Contributions Account on December 31, 1975,

2. his Participant Contributions after 1975, and

3. interest compounded annually to the date of his first monthly payment, with proper allowance for any earlier unrepaid withdrawal under Section 3.5-A, at the rate of interest specified in Section 3.4-A, and on such post-1975 Participant Contributions from the end of the Plan Year in which they were credited to his Participant Contributions Account, minus

b. the aggregate of all payments made to him under paragraph (i).

(b) The monthly Benefit payment described in subsection (a) (i) shall be the greatest of alternative Benefits determined under the Benefit Based on Final Average Monthly Compensation, the Minimum Benefit and the Career Average Benefit, reduced to eliminate the Actuarial Equivalent of any prior forfeitures under Section 2.3-A and any prior withdrawals under Section 3.5-A (a) not repaid under Section 3.5-A (b), and then adjusted pursuant to the Cost of Living Adjustment.

Section 4.3-A - Alternative Formula: Benefit Based on Final Average Monthly Compensation

A Participant's alternative Benefit determined under this Section shall be an amount determined by calculating:

(a) The product of:

(i) the factor of .0175 (but in the case of Benefits payable to a Participant whose last Separation from the Service was after June 30, 1978, and before December 7, 1980, the factor of .01625, or whose last Separation from the Service is before July 1, 1978, the factor of .015),

(ii) his Benefit Accrual Service, and

(iii) his Final Average Monthly Compensation, minus

(b) The product of:

(i) the factor of .015,

(ii) his Total Benefit Accrual Service (not in excess of 33-1/3 years),

(iii) the factor determined by dividing

a. his Benefit Accrual Service by

b. his Total Benefit Accrual Service, and

(iv) his Primary Insurance Amount.

Section 4.4-A - Alternative Formula: Minimum Benefit

A Participant's alternative Benefit determined under this Section shall be the product of:

(a) His Benefit Accrual Service, and

(b) The sum of:

(i) \$13.00 (but in the case of Benefits payable to a Participant whose last Separation from the Service was on or after December 5, 1982, and before January 1, 1986, the amount of \$11.00; but in the case of Benefits payable to a Participant whose last Separation from the Service was on or

after December 3, 1979, and before December 5, 1982, the amount of \$9.50; and in the case of Benefits payable to a Participant whose last Separation from the Service was after December 31, 1975, and before December 3, 1979, the amount of \$7.00, and

(ii) the product of:

a. the factor of .005 and

b. his Final Average Monthly Compensation.

Section 4.5-A - Alternative Formula: Career Average Benefit

A Participant's alternative Benefit determined under this Section shall be the sum of:

(a) The product of:

(i) the fraction one twenty-fourth (1/24th) and

(ii) the aggregate principal amount of his Participant Contributions, net of any unrepaid withdrawals under Section 3.5-A, and

(b) The amount by which

(i) his Accrued Benefit as of December 31, 1975, (as shown on the Administrator's records) exceeds

(ii) one twenty-fourth (1/24th) of the aggregate principal amount of his Participant Contributions determined as such date, and

(c) On or after January 1, 1986, one-twelfth (1/12th) of the sum of 1% of the first \$3,600 of his Compensation earned in a Plan Year and 2% of such Compensation in excess of \$3,600.

Section 4.6-A - Early Retirement

A Participant shall be entitled to his Early Retirement Benefit hereunder on his Early Retirement Date.

Section 4.7-A - Early Retirement Benefit

(a) Participant who retires on his Early Retirement Date shall receive an Early Retirement Benefit which, subject to the provisions of the Cost of Living Adjustment, the Optional Retirement Benefit and the Joint and Survivor Annuity, and the vesting provisions under Section 4.12-A, shall consist of:

(i) a monthly payment on the first day of each calendar month commencing with his Early Retirement Date and ending with the last such payment before his death, and

(ii) a payment within five (5) years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of

a. the amount remaining in the Participant Contributions Account described in Section 4.2-A(a) (ii) a of the Normal Retirement Benefit, minus

b. the aggregate of all payments made to him under paragraph (i).

(b) The amount of each such monthly payment, except as provided in subsection (c) and the Cost of Living Adjustment, shall be equal to the excess, expressed in terms of a monthly payment, of the Actuarial Equivalent of his Vested Accrued Benefit computed without regard to the Cost of Living Adjustment minus the Actuarial Equivalent of his Benefit under subsection (a) (ii).

(c) In the case of a Participant on the United States payroll not on inactive status under Section 2.4, the sum of whose full years of Continuous Service on his Early Retirement Date and age in years as of his last birthday coinciding with or preceding such Date equals or exceeds seventy-five (75) ("rule of 75"), the amount of each such monthly payment shall be equal to the monthly payment (including adjustments under the Cost of Living Adjustment) included in his Accrued Benefit.

Section 4.8-A - Late Retirement

A Participant shall be entitled to his Late Retirement Benefit hereunder on his Late Retirement Date, or on his Annuity Starting Date if occurring later than his Normal Retirement Date.

Section 4.9-A - Late Retirement Benefit

(a) A Participant who retires on his Late Retirement Date, or who elects an Annuity Starting Date occurring later than his Normal Retirement Date, shall receive a Late Retirement Benefit which, subject to the provisions of the Cost of Living Adjustment, the Optional Retirement Benefit and Joint and Survivor Annuity, shall consist of:

(i) a monthly payment on the first day of each calendar month commencing with his Annuity Starting Date, which would be his Late Retirement Date if no election to defer the Annuity Starting Date is made, and ending with the last such payment before his death, and

(ii) a payment within five (5) years after his death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of:

a. the amount remaining in the Participant Contributions Account described in Section 4.2-A (a) (ii) a of the Normal Retirement Benefit, minus

b. the aggregate of all payments made to him under paragraph (i).

(b) For eligible Participants determined for Plan Years ending on or before November 30, 1988, to the amount of each monthly payment determined in Section 4.2-A (a) (i) of the Normal Retirement Benefit, shall be added the excess, expressed in terms of a monthly payment, of the Actuarial Equivalent of the Normal Retirement Benefit he would have received under Section 4.2-A (a) (i) of the Normal Retirement Benefit (after application of the Cost of Living Adjustment and an interest rate equal to 9% per annum (or at such time as the

interest rate determined under Section 1.4(a) is equal to or greater than 9%, then such interest rate determined under Section 1.4(a)), had he retired upon his Normal Retirement Date. For eligible Participants determined for Plan Years beginning on or after December 1, 1988, to the amount of each monthly payment determined in Section 4.2-A(a) (i) of the Normal Retirement Benefit shall be added the excess of the Accrued Benefit Derived from Participant Contributions as of his Late Retirement Date, minus the sum of the Accrued Benefit Derived from Participant Contributions attributable to contributions made in each Plan Year after Normal Retirement Date. Amounts determined in the prior sentence shall be on the basis of the interest rate which would be used as of the Late Retirement Date under the Plan under Section 417(e) (3) (b) of the Code.

Section 4.10-A - Actuarial Equivalence

The Participant's Optional Retirement Benefit or the Joint and Survivor Annuity shall, except for the vesting provisions under Section 4.12-A, be the Actuarial Equivalent of his Early, Normal, or Late Retirement Benefit such Equivalent being computed as of his Annuity Starting Date.

Section 4.11-A - Death Benefit

(a) If a Participant or Former Participant dies prior to the due date of the first monthly Benefit payment payable to him under the Plan, and if the other subsections of this Section are not applicable, there shall be paid in cash in a lump sum to his properly designated Beneficiary or Beneficiaries an amount equal to the balance of his Participant Contributions Account and all his other Benefits (if any) shall be forfeited.

(b) If a Participant's age is fifty-five (55) or older, has a Separation from the Service due to his death, or has a Separation from the Service because of retirement but dies prior to the first day of the month coinciding with or next following retirement within which the initial payment of any benefit is or would be payable to him, and leaves a surviving

spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall in accordance with Rules of the Plan elect to receive either the Benefit described in subsection (c) or the Benefit described in subsection (d). In the event benefits are paid under this subsection, then no Beneficiary (other than the spouse) shall be entitled to receive benefits under the Plan, except as provided in subsection (c)(ii).

(c) The Benefit described in this subsection shall consist of:

(i) a monthly payment to such spouse on the first day of each calendar month commencing with the month following the month of such Participant's death, and continuing through the month of such spouse's death, in an amount equal to the monthly Benefit which such spouse would have received under Section 4.14-A(b) (i) of the Optional Retirement Benefit had the Participant retired immediately prior to his death and elected under Section 4.14-A(b) (i) of the Optional Retirement Benefit to receive monthly payments of his Early Retirement Benefit, Normal Retirement Benefit or Late Retirement Benefit, as the case may be, subject to adjustment in the manner provided in the Cost of Living Adjustment, naming such spouse as Contingent Annuitant and providing that such monthly payments to the surviving Contingent Annuitant after the Participant's death should be equal to 100% of the payments to the Participant during his life, subject to adjustment in the manner provided in the Cost of Living Adjustment, and

(ii) upon the death of such spouse, payment in cash in a lump sum to such Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of:

a. The amount remaining in the Participant Contributions Account described in Section 4.2-A(a) (ii) of the Normal Retirement Benefit, minus

b. The aggregate of all payments made under paragraph (i).

(d) The Benefit described in this subsection shall consist of:

(i) a lump sum payment payable not later than the end of the Plan Year following the Plan Year of the death of such Participant to the surviving spouse in an amount equal to the sum referred to in Section 4.2-A(a) (ii)a of the Normal Retirement Benefit, and

(ii) a monthly payment, adjusted in the manner provided in the Cost of Living Adjustment, on the first day of each calendar month commencing with the month following the month of such Participant's death, and ending with the month of such spouse's death, in an amount Actuarially Equivalent as so adjusted to the sum of:

a. the Participant's Accrued Benefit Derived from Company Contributions, and

b. an amount Actuarially Equivalent to the excess, if any of his Accrued Benefit Derived from Participant Contributions minus the Benefit provided for under this subsection (d) as computed without regard to this subparagraph b.

(e) Unless the provisions of Section 4.11-A(b) of the Death Benefit apply, if a Participant dies with a Vested Retirement Benefit or if a Former Participant dies with a Vested Retirement Benefit after a Separation from the Service, and such death is prior to the due date of the first monthly Benefit payable to him under the Plan and if he is survived by the spouse to whom he was married throughout the three hundred and sixty-five (365) day period immediately preceding his death, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a survivor annuity consisting of:

(i) if the Former Participant dies after his earliest retirement age, such spouse shall, in accordance with the Rules of the Plan, elect to receive either the benefit described in subsection a or the benefit described in subsection b.

a. The Benefit described in this subsection shall consist of:

i. a monthly payment to such spouse on the first day of each calendar month commencing with the month following the month of such Former Participant's death, and continuing through the month of such spouse's death, in an amount equal to the monthly Benefit which such spouse would have received under Section 4.14-A (b) (i) a of the Optional Retirement Benefit had the Former Participant retired immediately prior to his death and elected under Section 4.14-A (b) (i) a of the Optional Retirement Benefit to receive monthly payments of his Early Retirement Benefit, Normal Retirement Benefit or Late Retirement Benefit, as the case may be, in the form of a fixed annuity contract naming such spouse as Contingent Annuitant and providing that such monthly payments to the surviving Contingent Annuitant after the Former Participant's death should be equal to 100% of the payments to the Former Participant during his life, and

ii. upon the death of such spouse, payment in cash in a lump sum to such Former Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of the sum described in Section 4.2-A (a) (ii) a of the Normal Retirement Benefit, minus the aggregate of all payments made under item i.

b. The Benefit described in this subsection shall consist of:

i. a lump sum payment payable not later than the end of the Plan Year following the Plan Year of the death of such Former Participant to the surviving spouse in an amount equal to the sum referred to in Section 4.2-A (a) (ii) a of the Normal Retirement Benefit, and

ii. a monthly payment, on the first day of each calendar month commencing with the month following the month of such Former Participant's death, and ending with the month of such spouse's death, in an amount Actuarially Equivalent to the sum of the Participant's Accrued Benefit Derived from Company Contributions, and an amount Actuarially Equivalent to the excess, if any of his Accrued Benefit Derived from Participant Contributions minus the Benefit provided for under this subparagraph b as computed without regard to this item ii.

(ii) If the Participant or Former Participant dies prior to his earliest retirement age, a monthly payment commencing on the first day of the calendar month following the month in which the Participant or Former Participant would have attained his earliest retirement age and ending with the calendar month in which the spouse dies, equal to 50% of the monthly amount the Participant or Former Participant would have received if he retired electing a Joint and Survivor Annuity, and if such Participant had:

- a. a Separation from the Service on the date of death,
- b. survived to the earliest retirement age,
- c. retirement with an immediate qualified Joint and Survivor Annuity at the earliest retirement age,
- d. died on the day after the day on which such Participant would have attained the earliest retirement age, and

e. in the case of an individual who has a Separation from the Service before the date of such individual's death, subparagraph a shall not apply; plus

(iii) upon the death of such spouse, payment shall be made in cash in a lump sum to such Participant or Former Participant's duly designated Beneficiary or Beneficiaries of an amount equal to the excess, if any, of:

a. the amount remaining in the Participant Contributions Account described in Section 4.2-A(a) (ii) a of the Normal Retirement Benefit, minus

b. the aggregate of all payments made under subsection (e).

(f) Subsection (e) shall apply only if:

(i) a Participant has at least one Hour of Service with the Company on or after August 23, 1984; or

(ii) a Participant has at least one Hour of Service on or after January 1, 1976, and when such Participant incurred a Separation from the Service he had ten (10) or more Years of Vesting Schedule Service; or

(iii) a Participant who has one Hour of Service on or after September 2, 1974, was employed by the Company after the earliest date on which such Participant was eligible for early retirement benefits under the Plan; and

(iv) such Participant dies after August 23, 1984, prior to reaching his Annuity Starting Date.

Section 4.12-A - Vested Retirement Benefit

Each Participant shall be entitled to a Vested Retirement Benefit in the amount provided in this Section. In the event of his Separation from the Service prior to his Normal Retirement Date, except for the Joint and Survivor Annuity and the Death Benefit, such Participant shall upon his Normal Retirement Date become entitled to a Normal or Optional Retirement Benefit, or upon his Early Retirement Date may receive an Early or Optional Retirement Benefit, as he shall elect, or in the absence of such election, as determined under the provisions of the Normal Retirement Benefit, the Cost of Living Adjustment, the Optional Retirement Benefit, and the Joint and Survivor Annuity, but, in each case, if his Separation from the Service preceded his fifty-fifth (55th) birthday, without regard to the Cost of Living Adjustment and "the rule of 75" under Section 4.7-A(c), all in an amount Actuarially Equivalent to the sum of:

(a) his Accrued Benefit Derived from Participant Contributions, and

(b) effective for Plan Years commencing December 1, 1989, that percentage of his Accrued Benefit Derived from Company Contributions determined on the basis of his Years of Vesting Service as follows:

| <u>Years of Vesting Service</u> | <u>Vested Percentage</u> |
|---------------------------------|--------------------------|
| Less than 5 | 0% |
| 5 or more | 100% |

A Participant's Vested Retirement Benefit shall in no event be diminished because of any subsequent reductions in his Vesting Service. A Participant's Accrued Benefit to the extent not forfeited under Section 2.3 or paid as a Death Benefit shall become 100% Vested if he is then employed by a member of the Controlled Group on his sixty-fifth (65th) birthday.

Section 4.13-A - Cost of Living Adjustment

(a) The monthly Benefit payable under Section 4.2-A (a) (i) of the Normal Retirement Benefit, 4.7-A (a) (i) of the Early Retirement Benefit or 4.9-A (a) (i) of the Late Retirement Benefit or in respect of a Participant during any Plan Year (he "subject Plan Year") after the first Plan Year in which monthly Benefits were so payable shall be adjusted by multiplying the monthly Benefit so payable during the Plan Year immediately preceding the subject Plan Year (after applying the Cost of Living Adjustment to such preceding Plan Year) by a factor (not over 1.040 and not under 0.960) computed to at least three decimal places, determined by dividing:

(i) the United States Bureau of Labor Statistics Consumer Price Index (All Urban Consumers, all items, United States city average, 1967 = 100) as revised, for the September next before the subject Plan Year

by

(ii) such Index for the September of the second year before the subject Plan Year.

(b) Notwithstanding the provisions of subsection (a), the adjustment provided in such subsection shall not result in a monthly Benefit less than the monthly Benefit initially payable to or in respect of the Participant.

(c) If the Plan is terminated under Section 6.1, no further adjustments shall be made under this Section, except as to Former Participants who had retired under a Normal Retirement Benefit, Early Retirement on or after his fifty-fifth (55th) birthday or Late Retirement Benefit (but not if his Separation from the Service was prior to being Vested) on or prior to the date of such termination.

(d) No adjustment shall be made under this Section to a Benefit payment payable in a lump sum on the death of a Participant as described in Section 4.2-A (a) (ii) of the Normal Retirement Benefit.

Section 4.14-A - Optional Retirement Benefit

A Participant entitled to receive a Normal, Early, or Late Retirement Benefit shall receive the 50% Joint and Survivor Annuity (if applicable) unless he elects not to receive such annuity, elects instead to receive a distribution in accordance with subsection (a), (b) or (c) and his spouse consents in writing to such election in accordance with Section 4.15-A (h). A Participant to whom a Joint and Survivor Annuity does not apply and who makes no election under this Section shall receive a Benefit in accordance with subsection (a). A Participant may not make or change an election hereunder after his Annuity Starting Date. A Participant may elect, in accordance with Rules of the Plan, to receive his Benefit in any one of the following manners:

(a) A Normal, Early or Late Retirement Benefit, as the case may be,

(b) A Benefit consisting of:

(i) monthly payments commencing on his Annuity Starting Date:

a. in the form of a joint and survivor annuity option payable to the Participant for his life, and monthly payments to his Beneficiaries or his Contingent Annuitants for life (in amounts as selected by the Participant equal to a survivor annuity of 50%, 66-2/3%, 75% or 100% of the monthly amount paid to such Participant),

b. in the form of a period certain and continuous option payable to the Participant and his Beneficiaries over the later of a period certain for a guaranteed number of payments (for a period as selected by the Participant of five (5), ten (10), or fifteen (15) years) or the life of Participant, or

c. in the form of a period certain option payable to the Participant and his Beneficiaries for a period certain for a guaranteed number of payments (for a period as

selected by the Participant of five (5), ten (10), fifteen (15) years), or

d. in the form of a temporary modified cash refund option payable to the Participant and his Beneficiaries over the earlier of a period certain (for a period as selected by the Participant of five (5), ten (10), fifteen (15) years), or the life of the Participant,

and adjusted in the manner in the Cost of Living Adjustment, all as determined under Rules of the Plan, and

(ii) upon the death of the Participant, and his Contingent Annuitant (if any) or primary Beneficiaries (if any), payment to the Participant's duly designated secondary Beneficiary or Beneficiaries in cash in a lump sum an amount equal to the excess, if any, of:

a. the amount remaining in the Participant Contributions Account described in Section 4.2-A (a) (ii) a of the Normal Retirement Benefit, minus

b. the aggregate of all payments made under paragraph (i), or

(c) A Benefit which is the Actuarial Equivalent of his Benefit in subsection (a) consisting of:

(i) a monthly payment commencing on his Annuity Starting Date payable through the earlier of the month in which he dies or the month before his sixty-second (62nd) or sixty-fifth (65th) birthday, as he shall elect, and thereafter through the month in which he dies reduced by an amount estimated to equal his monthly Social Security old age benefits payable at such birthday as projected under Rules of the Plan, and all adjusted in the manner provided in the Cost of Living Adjustment, and

(ii) a payment within five (5) years after this death in a lump sum to his properly designated Beneficiary or Beneficiaries in an amount equal to the excess, if any, of:

a. the amount remaining in the Participant Contributions Account described in Section 4.2-A (a) (ii) a of the Normal Retirement Benefit, minus

b. the aggregate of all payments made under paragraph (i).

(d) The option provided in subsection (c) may be elected with the Normal, Early or Late Retirement Benefit under subsection (a), the Joint and Survivor Annuity payable under Section 4.15-A, or a joint and survivor annuity option under subsection (b) (i) a, but may not be coupled with any other option provided in subsection (b).

(e) No Optional Retirement Benefit may be selected where the Beneficiary or Contingent Annuitant is other than the spouse, unless such option will assure that at least 50% of the present value of the Benefit available for distribution is payable within the life expectancy of the Participant.

(f) If a Participant dies after his Annuity Starting Date, the remaining portion of his Benefit, if any, may continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death to the Contingent Annuitant, if living, or otherwise to the Participant's designated primary Beneficiary; provided, however, if the primary Beneficiary is the estate of the Participant, or if the primary Beneficiary dies, the remaining portion of his Benefit will be distributed in a lump sum to the Participant's contingent Beneficiary. If a Participant dies before his Annuity Starting Date, the Participant's entire Benefit must be distributed as a Death Benefit and in any event either no later than five (5) years after the Participant's death, or if any portion of the Participant's benefit is payable to a designated Beneficiary, distributions may be made in substantially equal installments over the life or life expectancy of the designated Beneficiary commencing no later than one year after the Participant's death; provided, however, if the designated Beneficiary is the Participant's surviving spouse, the date on which distributions are required to begin shall not

be earlier than the date on which the Participant would have attained age 7-1/2.

Section 4.15-A - Joint and Survivor Annuity

(a) Notwithstanding anything in the Plan to the contrary, the Benefit, if any, of a Participant or Former Participant commencing on his Annuity Starting Date shall be Joint and Survivor Annuity, as described in subsection (b), if

(i) he was married on his Annuity Starting Date, and

(ii) he has not otherwise elected under subsection (e).

(b) The Joint and Survivor Annuity of a Participant or Former Participant shall be a Benefit, reduced as provided in subsection (c) and adjusted under the Cost of Living Adjustment (if eligible), consisting of:

(i) monthly payments to him beginning on his Annuity Starting Date and ending with the calendar month in which his death occurs with the provision that, if he dies after his Annuity Starting Date survived by the spouse to whom he was married on his Annuity Starting Date, such spouse shall receive monthly payments of 50% of such reduced Benefit adjusted under the Cost of Living Adjustment, beginning on the first day of the calendar month next following his death and ending with the calendar month on which such spouse dies, plus

(ii) as soon as both such Participant and his surviving spouse are dead, a lump sum payment to the Participant's properly designated Beneficiary or Beneficiaries other than such spouse, in an amount equal to the excess, if any, of

a. the amount remaining in the Participant Contributions Account described in Section 4.2-A (a) (ii) a of the Normal Retirement Benefit, minus

b. the aggregate of all payments made under this subsection to the Participant and his spouse.

(c) The reduced Benefit payable under this Section to a Participant or Former Participant during his lifetime shall be at a monthly rate such that his Joint and Survivor Annuity is the Actuarial Equivalent of his Early, Normal or Late Retirement Benefit.

(d) No less than thirty (30) days (unless waived by the Participant) and no more than ninety (90) days prior to the Annuity Starting Date, each Participant or Former Participant who may be affected by this Section shall be furnished, by mail or personal delivery, with a written explanation of:

- (i) the terms and conditions of a qualified Joint and Survivor Annuity,
- (ii) the Participant's right to make and the effect of an election to waive the qualified Joint and Survivor Annuity form of benefit,
- (iii) the rights of a Participant's spouse,
- (iv) the right to make, and the effect of, a revocation of a previous election to waive the qualified Joint and Survivor Annuity, and
- (v) the relative values of the various Optional Retirement Benefits.

(e) A Participant or Former Participant referred to in subsection (a) may elect in writing, in the manner prescribed by the Administrator, not to receive a Joint and Survivor Annuity (in which case he shall receive his Benefit as otherwise provided in the Plan). Such an election shall be made not later than his Annuity Starting Date.

(f) The applicable election period under subsection (e) shall be the ninety (90) day period ending on the Annuity Starting Date.

(g) During the period described in subsection (f), a Participant or Former Participant who properly elected under subsection (e) not to receive a Joint and Survivor Annuity may revoke such election and after any such revocation, an election

under subsection (e) may be made again prior to the expiration of such election period.

(h) Any election made under subsection (e) will be effective only if the Participant or Former Participant's spouse signs a written consent and the spouse's signature is witnessed by a Plan representative or Notary Public. If the Participant or Former Participant establishes to the satisfaction of the Administrator that such a written consent cannot be obtained because the spouse cannot be located, the election will be deemed to be effective without the written consent of the spouse.

ARTICLE V

ORGANIZATION TRANSITION PLAN RETIREMENT BENEFIT

Section 5.1-A - Eligibility

Any Participant who:

- (a) Is Employed by the Company and is a Participant in the Plan on May 23, 1989, (even though the Participant's obligation to contribute to his Participant Contributions Account may have been suspended because of being on inactive status under Section 2.4 prior thereto);
- (b) Has or would have had five (5) or more years of Continuous Service on or before December 31, 1989, except for participation in the Organization Transition Plan adopted by the Executive Committee of the Board of Directors of the Company on May 30, 1989, as modified by resolutions adopted as of July 24, 1989 (hereinafter "OTP");
- (c) Prior to December 31, 1989, incurs a Separation from the Service because the Participant is laid off under, or is given the opportunity by the Company in its sole discretion to participate in, the OTP; and
- (d) Agrees to the conditions of participating in the OTP by, among other things, executing a general release, and elects to receive the OTP Retirement Benefit in lieu of the

severance pay benefit under Section 4.1(c) of the Hughes Transition Pay Plan,

shall become eligible for the OTP Retirement Benefit.

Section 5.2-A - The OTP Retirement Benefit

For a Participant who satisfies the eligibility requirements of Section 5.1-A and who is:

(a) Not a Highly Compensated Employee (as that term is defined in Section 414(q) of the Code), the OTP Retirement Benefit shall be:

(i) the additional Accrued Benefit the Participant would have received if:

a. the Participant was within three (3) years of age fifty-five (55), age sixty-five (65) or qualifying for the "rule of 75" benefit provided by Sections 4.7-A(c); and

b. the Participant were credited with Benefit Accrual Service in whole year increments for as long as it takes the Participant (up to a maximum of three (3) years) to reach age fifty-five (55), age sixty-five (65), or qualifying for the "rule of 75" benefit provided by Section 4.7-A(c), which ever maximizes the Participant's Accrued Benefit, and

(ii) the additional Accrued Benefit the Participant would have received if the Participant were credited with Benefit Accrual Service and his Participant Contributions Account were credited with employee Contributions that would have been made as Participant Contributions for the number of years equal to:

a. three (3) years, less

b. The number of years needed to satisfy the benefit provided in Section 5.2-A (a) (i) b.

Any benefit payable under this Section 5.2-A(a)(ii) shall not be subject to the Cost of Living Adjustment.

(b) A Highly Compensated Employee shall receive no increase in his Accrued Benefit from the Plan.

Section 5.3-A - Definition of Compensation

For purposes of calculating the Participant's Career Average Benefit and the Benefit Based on Final Average Compensation, each Participant eligible under Section 5.1-A shall have his Benefit calculated:

(a) As if the Participant's base rate of pay in effect at the time of his Separation from the Service were annualized and paid for an additional three (3) years; and

(b) By including in each such Participant's Compensation the bonus payments from the Hughes Management Incentive Plan, Hughes Supplemental Compensation Plan and Hughes Salary Adjustment Plan as if paid for 1989, 1990 and 1991 at the same level as such Participant's 1988 bonus payments.

Section 5.4-A - Cost of Living Adjustment for OT Retirement Benefit

If a Participant receives an OTP Retirement Benefit under Section 5.2-A and if such a Participant has a Separation from the Service on or after his fifty-second (52nd) birthday, a cost of living adjustment as provided by the Cost of Living Adjustment shall be used to adjust:

(a) the monthly Benefit payable without regard to the OTP Retirement Benefit; and

(b) the additional Benefit provided under Section 5.2-A (a) (i), but shall not be used to adjust the additional Benefit under Section 5.2-A (a) (ii).

Section 5.5-A - Vesting of Retirement Benefit

If a Participant satisfies the eligibility requirements under Section 5.1-A, then his Accrued Benefit Derived from Company Contributions (including OTP Retirement Benefit under the vesting provisions of Section 4.12-A(b)) shall be 100% Vested.

Section 5.6-A - Commencement of Payment of Retirement Benefit

Any Participant who satisfies the eligibility requirements under Section 5.1-A, and who is age fifty-two (52) or older, may retire and receive his Early Retirement Benefit.

Section 5.7-A - Death Benefit

The death benefit of any Participant who is eligible for the OTP Retirement Benefit under Section 5.1-A and who dies prior to benefit commencement shall be calculated and paid as a Death Benefit, but shall include the additional OTP Retirement Benefit determined in accordance with Section 5.2-A.

Section 5.8-A - Modification of OTP Benefit

Due to discrepancies between the terms of this Article and the administrative procedures by which this Article was implemented, differences have arisen between the Benefits payable under the terms of this Article and the Benefits actually projected to be paid certain Participants in the event such Participants elected to receive the OTP Retirement Benefit. In such a case, the Plan will re-determine the amount to be paid to the Participant, taking into account the purposes of the OTP Benefit and the manner in which the OTP Benefit was communicated to the Participant, and will pay the Participant as a Benefit the amount communicated to the Participant. Where the amount communicated was overstated due to subsequent changes in the interest rates used in calculating the amount of the Accrued Benefit Derived from Participant Contributions, the Plan will pay as a Benefit the amount communicated to the Participant or the amount contained on the Participant's print out of options communicated to the Participant, whichever is higher.

EXHIBIT B

This Exhibit B contains additional terms of the Plan that apply to Participants in the non-contributory benefit structure and are effective January 1, 1991, unless indicated otherwise.

ARTICLE I-B

DEFINITIONS

Section 1.1-B - Accrued Benefit

The "Accrued Benefit" of a Participant, as of his Separation from the Service, means the Participant's Normal Retirement Benefit based upon the Participant's Benefit Accrual Service accumulated to date and the Participant's Compensation paid during such Benefit Accrual Service.

Section 1.2-B - Benefit Accrual Service

"Benefit Accrual Service" of a Participant means the total, expressed in years and fractional years, of those Accounting Months (treating each Accounting Month as one-twelfth (1/12th) year, commencing January 1, 1991, for any part or all of which the Participant was employed by the Company following the Participant's one year Anniversary Date, but excluding those Accounting Months during which: the Participant was participating in, or eligible to participate in, any other qualified defined benefit plan of a member of the Controlled Group; the Participant did not receive Compensation from the Company; or the Participant did not satisfy the eligibility requirements of Section 2.1-B(a).

Section 1.3-B - Compensation

"Compensation" of a Participant for the period ending with the first payroll week in February 1991, shall have the same meaning as set forth in Section 1.7-A(a) of Exhibit A, and "Compensation" for the remaining part of the Plan Year ending November 30, 1991, and thereafter for any Plan Year.

(a) means his base pay, Company sick leave or paid time off allowance pay, payments of state unemployment compensation for disability while receiving Company sick leave pay, lead person and shift differentials, payments of workers' compensation for disability while receiving Company sick leave pay, payment for overtime hours, vacation actually taken, and holiday, bereavement or personal leave pay, sales commissions, bonuses, jury duty, military training pay when such payments are made by the Company (or paid by a governmental agency and used as an offset by the Company) amounts paid under the Hughes Salary Adjustment Plan, Hughes Supplementary Compensation Plan, the Hughes Management Incentive Plan and the Hughes Investment Management Company Incentive Plan, and amounts deferred by a Participant which are contributed by the Company under a cash or deferred arrangement under Section 401(k) of the Code and amounts deferred by a Participant to a flexible spending account in a Company cafeteria plan under Section 125 of the Code, but

(b) shall exclude Compensation of any Participant in excess of \$209,200, as adjusted by the Secretary of the Treasury at the same time and in the same manner as under Section 415(d) of the Code, except that the dollar increase in effect on January 1st of any calendar year Company on or after January 1, 1991, is effective for the Plan Year that next commences, shall exclude any compensation paid or not paid by a Company (unless specifically included in paragraph (a)), payments for vacation not taken, pay for sick time not taken, tax differentials, retainers, insurance benefits, hazard area premium, domestic field and foreign service allowances, allowances for post, quarters, education, dual housing and home leave, company paid premiums, capture and detention pay, sea duty premium, flight duty pay, compensable travel pay, and any other special payments or allowances not specifically included in paragraph (a).

Section 1.4-B - Covered Compensation

"Covered Compensation" shall mean for any Plan Year the average (without indexing) of the Social Security Taxable Wage Base in effect for each calendar year during the thirty-five (35) year period ending with the calendar year in which a Participant attains or will attain his Social Security Retirement Date. In determining a Participant's Covered Compensation for a Plan Year, the Social Security Taxable Wage Base for the current and any subsequent Plan Year shall be assumed to be the same as in effect for the Plan Year for which the determination is being made. A Participant's Covered Compensation for any Plan Year after the thirty-five (35) year period is the covered compensation for the Plan Year in which the Participant attained Social Security Retirement Date. A Participant's Covered Compensation shall be automatically adjusted for each Plan Year in accordance with this Section.

Section 1.5-B - Death Benefit

"Death Benefit" means the Benefit provided following the death of a Participant determined under Section 4.8-B.

Section 1.6-B - Early Retirement Benefit

"Early Retirement Benefit" of a Participant or Former Participant means the Benefit payable to or with respect to him under Section 4.4-B.

Section 1.7-B - Joint and Survivor Annuity

"Joint and Survivor Annuity" of a Participant or Former Participant means the form of Benefit payable to or with respect to him under Section 4.11-B.

Section 1.8-B - Late Retirement

"Late Retirement" of a Participant means his retirement upon his Late Retirement Date.

Section 1.9-B - Late Retirement Benefit

"Late Retirement Benefit" of a Participant or Former Participant means the Benefit payable to or with respect to him under Section 4.6-B.

Section 1.10-B - Normal Retirement Benefit

"Normal Retirement Benefit" of a Participant or Former Participant means the Benefit payable to or with respect to him under Section 4.2-B.

Section 1.11-B - Optional Retirement Benefit

"Optional Retirement Benefit" of a Participant or Former Participant means the optional form of Benefit payable to or with respect to him under Section 4.10-B.

Section 1.12-B - Social Security Taxable Wage Base

"Social Security Taxable Wage Base" means the contribution and benefit limit in effect under Section 3121(a) of the Code.

Section 1.13-B - Vested Retirement Benefit

"Vested Retirement Benefit" of a Participant or Former Participant means the Benefit which is nonforfeitable in accordance with Section 4.9-B.

ARTICLE II-BELIGIBILITYSection 2.1-B - Requirements for Participation

(a) Any Employee who has completed one thousand (1,000) Hours of Service during the one year period commencing with his first Hour of Service or commencing with any subsequent Anniversary Date, but excluding any Hour of Service with any member of the Controlled Group prior to such time the member became part of the Controlled Group with Hughes, and

(i) is not an active or suspended Participant in the contributory benefit structure under Exhibit A, and

(ii) is not an Employee in a Bargaining Unit, and

(iii) is on the United States payroll of his Company (as maintained by such Company in accordance with its established practice),

shall become a Participant on the entry date determined as the later of either January 1, 1991, or the first Anniversary Date coincident with or next following his satisfaction of such requirements.

(b) Any Participant whose participation is terminated by a Separation from the Service shall again become a Participant upon again becoming an Employee and complying with the requirements of subsection (a) (i), (ii) and (iii). There shall be no duplication of any previously Accrued Benefits by reason of a Participant's readmission to the Plan.

Section 2.2-B - Forfeitures

If a Participant has a Separation from the Service for any reason prior to his acquisition of a fully Vested Retirement Benefit, the unvested portion of his Accrued Benefit shall be forfeited when the number of his consecutive Break in Service Years equals five (5).

ARTICLE IV-BRETIREMENT, TERMINATION OR DEATHSection 4.1-B - Normal Retirement

A Participant shall be entitled to Normal Retirement Benefits hereunder on his Normal Retirement Date, unless the Participant elects his Early Retirement Benefit or Late Retirement Benefit.

Section 4.2-B - Normal Retirement Benefit

A Participant who retires on his Normal Retirement Date shall receive a Normal Retirement Benefit, which, subject to the Optional Retirement Benefit and Joint and Survivor Annuity, shall equal a monthly payment on the first day of each month commencing with his Normal Retirement Date and ending with the last such payment before his death equal to:

- (a) The product of:
 - (i) the factor of .015,
 - (ii) that portion of his Benefit Accrual Service which is included in the first 35 years of Total Benefit Accrual Service
 - (iii) his Final Average Monthly Compensation; minus
- (b) The product of:
 - (i) the factor of .006,
 - (ii) that portion of his Benefit Accrual Service which is included in the first 35 years of Total Benefit Accrual Service, and
 - (iii) his Final Average Monthly Compensation not in excess of Covered Compensation; plus
- (c) The product of:
 - (i) the factor of .005,
 - (ii) that portion of his Benefit Accrual Service which is included in the Total Benefit Accrual Service in excess of 35 years, and
 - (iii) his Final Average Monthly Compensation.

In the event the Normal Retirement Date occurs prior to a Participant's Social Security Retirement Date, then the Benefit hereunder shall be actuarially reduced in accordance with the terms of Early Retirement Benefit.

Section 4.3-B - Early Retirement

A Participant shall be entitled to his Early Retirement Benefit hereunder on his Early Retirement Date.

Section 4.4-B - Early Retirement Benefit

A Participant or Former Participant who retires on his Early Retirement Date shall receive an Early Retirement Benefit which, subject to the provisions of the Optional Retirement Benefit, the Joint and Survivor Annuity and the vesting provisions of Section 4.9-B, shall consist of a monthly payment on the first day of each calendar month commencing with his Early Retirement Date and ending with the last such payment before his death. The monthly payment shall equal his Vested Accrued Benefit payable as the Normal Retirement Benefit reduced by 1/2% for each month the Participant or Former Participant's Early Retirement Date precedes his Social Security Retirement Date, except there shall be no reduction for a Participant (but not a Former Participant) if the Participant is within three (3) years of Social Security Retirement Date or older and has ten (10) or more years of Continuous Service.

Section 4.5-B- Late Retirement

A Participant shall be entitled to his Late Retirement Benefit hereunder on his Late Retirement Date, or on his Annuity Starting Date if occurring later than his Normal Retirement Date.

Section 4.6-B - Late Retirement Benefit

A Participant who retires on his Late Retirement Date, shall receive a Late Retirement Benefit which, subject to the provisions of the Optional Retirement Benefit and the Joint and Survivor Annuity, shall consist of a monthly payment on the first day of each calendar month commencing with his Late Retirement Date, and ending with the last such payment before his death, equal to his Normal Retirement Benefit but with Benefit Accrual Service, Covered Compensation and Final

Average Monthly Compensation determined as of his Late Retirement Date.

Section 4.7-B - Actuarial Equivalence

The Participant's Optional Retirement Benefit or the Joint and Survivor Annuity Benefit shall, except for the vesting provisions under Section 4.9-B, be the Actuarial Equivalent of his Early, Normal, or Late Retirement Benefit, such Equivalent being computed as of his Annuity Starting Date.

Section 4.8-B - Death Benefit

(a) If a Participant's age is fifty-five (55) or older, has a Separation from the Service due to his death, or has a Separation from the Service because of retirement but dies prior to the first day of the month coinciding with or next following retirement within which the initial payment of any benefit is or would be payable to him, and leaves a surviving spouse, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall in accordance with Rules of the Plan receive a monthly payment on the first day of each calendar month commencing with the month following the month of such Participant's death, and continuing through the month of such spouse's death, in an amount equal to 100% of the monthly benefit which such spouse would have received had the Participant retired immediately prior to his death and elected under Section 4.10-B (b) (i) a of the Optional Retirement Benefit to receive monthly payments of his Early Retirement Benefit, Normal Retirement Benefit or Late Retirement Benefit, as the case may be, naming such spouse as Contingent Annuitant and providing that such monthly payments to the surviving Contingent Annuitant after the Participant's death should be equal to 100% of the payments to the Participant during his life, and the monthly Benefit which such spouse would have received under the Joint and Survivor Annuity had the Participant retired immediately prior to his death and elected under the Joint and Survivor Annuity to receive monthly payments of his Early Retirement Benefit,

Normal Retirement Benefit or Late Retirement Benefit as the case may be.

(b) Unless the provisions of Section 4.8-B(a) of the Death Benefit apply, if a Participant dies with a Vested Retirement Benefit after a Separation from the Service, and such death is prior to the due date of the first monthly Benefit payable to him under the Plan and if he is survived by the spouse to whom he was married throughout the three hundred and sixty-five (365) day period immediately preceding his death, then regardless of whether such spouse is designated as his sole primary Beneficiary, such spouse shall receive a survivor annuity consisting of:

(i) if the Former Participant dies after his earliest retirement age, such spouse shall, in accordance with the rules of the Plan, receive a monthly payment to such spouse on the first day of each calendar month commencing with the month following the month of such Former Participant's death, and continuing through the month of such spouse's death, in an amount equal to 100% of the monthly Benefit which such spouse would have received under the Joint and Survivor Annuity had the Former Participant retired immediately prior to his death and elected under the Joint and Survivor Annuity to receive monthly payments of his Early Retirement Benefit, Normal Retirement Benefit or Late Retirement Benefit, as the case may be; or

(ii) if the Participant or Former Participant dies prior to his earliest retirement age, a monthly payment commencing on the first day of the calendar month following the month in which the Participant or Former Participant would have attained his earliest retirement age and ending with the calendar month in which the spouse dies, equal to 50% of the monthly amount the Participant or Former Participant would have received if he retired electing a Joint and Survivor Annuity, and if such Participant had:

- a. a Separation from the Service on the date of death,
- b. survived to the earliest retirement age,
- c. retired with a 50% Joint and Survivor Annuity at the earliest retirement age,
- d. died on the day after the day on which such Participant would have attained the earliest retirement age, and
- e. in the case of an individual who has a Separation from the Service before the date of such individual's death, subparagraph a shall not apply.

Section 4.9-B - Vested Retirement Benefit

Each Participant shall be entitled to a Vested Retirement Benefit in the amount provided in this Section. In the event of his Separation from the Service prior to his Normal Retirement Date, except for the Joint and Survivor Annuity and the Death Benefit, such Participant shall upon his Normal Retirement Date become entitled to a Normal or Optional Retirement Benefit, or upon his Early Retirement Date may receive an Early or Optional Retirement Benefit, as he shall elect, or in the absence of such election, as determined under the provisions of the Normal Retirement Benefit, the Optional Retirement Benefit and Joint and Survivor Annuity, all in an amount Actuarially Equivalent to that percentage of his Accrued Benefit determined on the basis of his Years of Vesting Service as follows:

| <u>Years of Vesting Service</u> | <u>Vested Percentage</u> |
|---------------------------------|--------------------------|
| Less than 5 | 0% |
| 5 or more | 100% |

A Participant's Vested Retirement Benefit shall in no event be diminished because of any subsequent reductions in his

Vesting Service. A Participant's Accrued Benefit to the extent not forfeited under Section 2.3 or paid as a Death Benefit shall become 100% Vested if he is then employed by a member of the Controlled Group on his sixty-fifth (65th) birthday.

Section 4.10-B - Optional Retirement Benefit

A Participant entitled to receive a Normal, Early, or Late Retirement Benefit shall receive the 50% Joint and Survivor Annuity (if applicable) unless he elects not to receive such annuity, elects instead to receive a distribution in accordance with subsection (a), (b), (c) or (d) and his spouse consents in writing to such election in accordance with Section 4.11-B(h). A Participant to whom a Joint and Survivor Annuity does not apply and who makes no election under this Section shall receive a Benefit in accordance with subsection (a). A Participant may not make or change an election hereunder after his Annuity Starting Date. A Participant may elect, in accordance with Rules of the Plan, to receive his Benefit in any one of the following manners:

(a) A Normal, Early or Late Retirement Benefit, as the case may be,

(b) A Benefit consisting of monthly payments commencing on his Annuity Starting Date:

(i) in the form of a joint and survivor annuity option payable to the Participant for his life, and monthly payments to his Beneficiaries or his Contingent Annuitants for life (in amounts as selected by the Participant equal to a survivor annuity of 50%, 75% or 100% of the monthly amount paid to such Participant), or

(ii) in the form of a period certain and continuous option payable to the Participant and his Beneficiaries over the later of a period certain for a guaranteed number of payments of ten (10) years or the life of the Participant; or

(iii) in the form of a period certain option to the Participant and his Beneficiaries for a period certain for a guaranteed number of payments (for a period as selected by the Participant of ten (10) or fifteen (15) years).

(c) No Optional Retirement Benefit may be selected where the Beneficiary or Contingent Annuitant is other than the spouse, unless such option will assure that at least 50% of the present value of the Benefit available for distribution is payable within the life expectancy of the Participant.

(d) If a Participant dies after his Annuity Starting Date, the remaining portion of his Benefit, if any, may continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death. If a Participant dies before his Annuity Starting Date, the Participant's entire Benefit must be distributed as a Death Benefit and in any event either no later than five (5) years after the Participant's death, or if any portion of the Participant's benefit is payable to a designated Beneficiary, distributions may be made in substantially equal installments over the life or life expectancy of the designated Beneficiary commencing no later than one year after the Participant's death; provided, however, if the designated Beneficiary is the Participant's surviving spouse, the date on which distributions are required to begin shall not be earlier than the date on which the Participant would have attained age 70-1/2.

Section 4.11-B - Joint and Survivor Annuity

(a) Notwithstanding anything in the Plan to the contrary, the Benefit, if any, of a Participant or Former Participant commencing on his Annuity Starting Date shall be a Joint and Survivor Annuity, as described in subsection (b), if

- (i) he was married on his Annuity Starting Date, and
- (ii) he has not otherwise elected under subsection (e).

(b) The Joint and Survivor Annuity of a Participant or Former Participant shall be a Benefit, reduced as provided in

subsection (c), consisting of monthly payments to him beginning on his Annuity Starting Date and ending with the calendar month in which his death occurs with the provision that, if he dies after his Annuity Starting Date survived by the spouse to whom he was married on his Annuity Starting Date, such spouse shall receive monthly payments of 50% of such reduced Benefit adjusted, beginning on the first day of the calendar month next following his death and ending with the calendar month in which such spouse dies.

(c) The reduced Benefit payable under this Section to a Participant or Former Participant during his lifetime shall be at a monthly rate such that his Joint and Survivor Annuity is the Actuarial Equivalent of his Early, Normal or Late Retirement Benefit.

(d) No less than thirty (30) days (unless waived by the Participant) and no more than ninety (90) days prior to the Annuity Starting Date, each Participant or Former Participant who may be affected by this Section shall be furnished, by mail or personal delivery, with a written explanation of:

- (i) the terms and conditions of a qualified Joint and Survivor Annuity,
- (ii) the Participant's right to make and the effect of an election to waive the qualified Joint and Survivor Annuity form of benefit,
- (iii) the rights of a Participant's spouse,
- (iv) the right to make, and the effect of, a revocation of a previous election to waive the qualified Joint and Survivor Annuity, and
- (v) the relative values of the various Optional Retirement Benefits.

(e) A Participant or Former Participant referred to in subsection (a) may elect in writing, in the manner prescribed by this Administrator, not to receive a Joint and Survivor Annuity (in which case he shall receive his Benefit as otherwise

provided in the Plan). Such an election shall be made not later than his Annuity Starting Date.

(f) The applicable election period under subsection (e) shall be the ninety (90) day period ending on the Annuity Starting Date.

(g) During the period described in subsection (f), a Participant or Former Participant who properly elected under subsection (e) not to receive a Joint and Survivor Annuity may revoke such election and after any such revocation, an election under subsection (e) may be made again prior to the expiration of such election period.

(h) Any election made under subsection (e) will be effective only if the Participant or Former Participant's spouse signs a written consent and the spouse's signature is witnessed by a Plan representative or Notary Public. If the Participant or Former Participant establishes to the satisfaction of the Administrator that such a written consent cannot be obtained because the spouse cannot be located, the election will be deemed to be effective without the written consent of the spouse.

* * * *

**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA**

STANLEY I. JACOBSON, DANIEL P. WELSH,
ROBERT E. MCMILLIN, ERNEST O. BLANDIN,
and RICHARD E. HOOK,

Plaintiffs,

v.

HUGHES AIRCRAFT COMPANY and HUGHES
NON-BARGAINING RETIREMENT PLAN,

Defendants.

CASE NO. CIV-92-031-TUC JMR

**SUPPLEMENTAL DECLARATION OF
BERTHA E. GARRISON**

I, Bertha E. Garrison, hereby declare as follows:

1. I am a citizen of the United States and a resident of Los Angeles, California. I am presently employed by Hughes Aircraft Company ("Hughes") in the position of Manager Financial Planning-Treasury, and I have been employed by Hughes since 1990. I have either personal knowledge of or access to records containing the facts set forth in this Declaration and, if called as a witness, could and would competently testify to them under oath.

2. I have held the position of Manager Financial Planning-Treasury at Hughes since February 1990. In this position I am responsible for assisting in administering the financial aspects of Hughes' benefit programs, including the retirement plan for non-bargaining employees. Records concerning the Hughes Non-Bargaining Retirement plan (the "Plan"), including copies of the Plan itself, its amendments and the related trust agreements, are within my direction and control. These records are maintained in the ordinary course of business and I utilize these records in performing my functions for Hughes.

3. As of the beginning of 1991, approximately 60,000 Plan participants (Ann L. Verhey's Declaration of March 12, 1992, shows 66,000, but that figure reflects a typographical error) were accruing benefits under, receiving benefits under, or were terminated employees with vested benefits in, the Plan's contributory benefits structure. Of that total of approximately 60,000, more than 39,000 were active employees then accruing benefits under the contributory benefits structure of the Plan.

4. Since October 12, 1976, to date, Hughes has been party to a Trust Agreement pursuant to the Plan. A true and correct copy of that Trust Agreement, which remains in effect today, is attached hereto as Exhibit "3" and incorporated herein by this reference. As of today the Trust Agreement consists of the Third Amendment to the Trust Agreement Pursuant to Hughes' Retirement Plan, executed on March 15, 1979, a fourth amendment to the Trust Agreement executed on December 12, 1980, a fifth amendment to the Trust Agreement executed on October 31, 1985, and a sixth amendment to the Trust Agreement executed on December 14, 1989, all of which are attached.

I declare, under penalty of perjury and under the laws of the State of California and the United States of America, that the foregoing is true and correct. This declaration is executed on May 5, 1992, at Los Angeles, California.

/s/ Bertha E. Garrison
Bertha E. Garrison

EXHIBIT 3

SIXTH AMENDMENT
TO THE TRUST AGREEMENT PURSUANT TO
HUGHES NON-BARGAINING RETIREMENT PLAN
AND
HUGHES BARGAINING RETIREMENT PLAN

THIS AGREEMENT, by and between HUGHES AIRCRAFT COMPANY (hereinafter referred to as the "Company" or "Companies") and BANKERS TRUST COMPANY (hereinafter referred to as "Trustee"), evidences the terms of an Amendment to the Trust Agreement Pursuant to the Hughes Non-Bargaining Retirement Plan and the Hughes Bargaining Retirement Plan (the "Plans"). This Amendment, together with the Third Amendment executed on the 15th day of March, 1979, the Fourth Amendment executed on the 12th day of November, 1980, and the Fifth Amendment executed on the 31st day of October, 1985, constitutes the entire Trust Agreement.

a. Section 1.01 shall be deleted in its entirety and the following substituted in its place:

It shall be the duty of the Trustee to receive funds for and to hold the Trust Fund (as defined below); to manage, invest, and reinvest the Trust Fund, except as provided in Section 1.03(d); to collect and hold the increase, earnings, and profits thereon; and to make payments from the Trust Fund; all as herein and in the Plan provided. "Trust Fund" herein shall mean all cash and other property contributed, paid or delivered to the Trustee hereunder, all investments made therewith and proceeds thereof and all earnings and profits thereon, less payments, transfers or other distributions which, at

the time of reference, shall have been made by the Trustee, as authorized herein. The Trust Fund shall include all evidences of ownership, interest or participation in an Investment Vehicle, but shall not, solely by reason of the Trust Fund's investment therein, be deemed to include any assets of such Investment Vehicle.

* * * *

Executed this 14th day of December, 1989.

HUGHES AIRCRAFT COMPANY

By /s/ [illegible]
President and Chief Operating Officer

By /s/ [illegible]

By /s/ [illegible]
Executive Vice President and
Chief Financial Officer

BANKERS TRUST COMPANY

By /s/ [illegible]

By _____

APPROVED AS TO FORM:

By /s/ [illegible]
General Counsel
Hughes Aircraft Company

* * * *

FOURTH AMENDMENT
TO THE TRUST AGREEMENT PURSUANT TO
HUGHES NON-BARGAINING RETIREMENT PLAN
AND
HUGHES BARGAINING RETIREMENT PLAN

THIS AGREEMENT, executed on the 12th day of December, 1980, by and between HUGHES AIRCRAFT COMPANY on behalf of itself and certain related companies which are signatories to the HUGHES NON-BARGAINING RETIREMENT PLAN and the HUGHES BARGAINING RETIREMENT PLAN (as shown on the signature page hereof) or which subsequently adopt either Plan or both Plans and become signatories hereto, hereinafter referred to as the "Company" or "Companies" and Bank of America National Trust and Savings Association, hereinafter referred to as the "Trustee."

RECITALS

A. Effective as of January 1, 1951, the Company adopted and established the Hughes Retirement Plan. A Trust Agreement pursuant to Hughes Retirement Plan (hereinafter Trust Agreement) was adopted on October 12, 1976, to comply with the requirements of the Employee Retirement Income Security Act of 1974. The First and Second Amendments to the Trust Agreement were adopted on June 19 and 20, 1978, respectively. The Third Amendment to the Trust Agreement was executed on March 15, 1979. The Third Amendment revised certain provisions dealing with the insurance contracts and restated the Trust Agreement in its entirety.

B. Effective January 1, 1980, the Hughes Retirement Plan was split into two Plans. One Plan is known as the Hughes Non-Bargaining Retirement Plan and the other Plan is known as the Hughes Bargaining Retirement Plan. Although each Plan is operated separately, the Plans provide for contributions

by the Companies and the Participants to be held in trust, invested, and paid out by the Trustee or the Insurance Company to Participants and their Beneficiaries and Contingent Annuitants or representatives for the accomplishment of the purposes of said Plans pursuant to the provisions of the Trust Agreement.

C. The Plans are qualified under Section 401(a), and the Trust is exempt from tax under Section 501(a), of the Internal Revenue Code and regulations issued pursuant thereto, and is exempt from tax under similar provisions of the California Revenue and Taxation Code, and the Plan and Trust comply with the requirements of the Employee Retirement Income Security Act of 1974.

NOW THEREFORE, the Companies hereby adopt the Fourth Amendment to the Trust Agreement pursuant to Hughes Non-Bargaining Retirement Plan and Hughes Bargaining Retirement Plan.

1. The name of the Trust Agreement shall be the Trust Agreement pursuant to the Hughes Non-Bargaining Retirement Plan and Hughes Bargaining Retirement Plan.

2. Whenever the term "Plan" is used in the Trust Agreement, such term shall mean both the Hughes Non-Bargaining Retirement Plan and the Hughes Bargaining Retirement Plan, unless the context clearly indicates otherwise.

3. A new Section 1.04(r)(ix) shall be added to read as follows:

"(ix) To transfer monies from the Trust Fund to Benefit Disbursement Account or Accounts, which shall be opened and maintained by the Administrator at a commercial branch of a national or state bank for the purposes of paying benefits under the Plan or defraying administrative expenses of the Plan or this Trust. The Administrator shall distribute monies from each account to such persons, in

such manner, at such time and in such amounts as the Administrator shall determine. In no event shall the Trustee have any responsibility respecting the application of such distributions, or for determining or inquiring into whether such distribution are in accordance with the Plan."

4. Except as specifically provided herein, the provisions of the Third Amendment to the Trust Agreement executed on March 15, 1979 shall remain in full force and effect.

Executed at Los Angeles, California, on the day and year first written above.

BANK OF AMERICA
NATIONAL TRUST AND
SAVINGS ASSOCIATION

HUGHES AIRCRAFT
COMPANY

By G. Michael Watry
Trust Officer

By T. V. Keene
Vice President-Finance

By E. C. Thayer
Trust Officer

By John H. Richardson
President

APPROVED:

R. F. Alden
General Counsel
Hughes Aircraft Company

THIRD AMENDMENT TO THE
TRUST AGREEMENT
PURSUANT TO HUGHES RETIREMENT PLAN

This is an amended Agreement of trust made and dated this 15th day of March, 1979, by and between Hughes Aircraft Company on behalf of itself and certain related companies which are signatories to the Hughes Retirement Plan (as shown on the signature page hereof) or which subsequently adopt the Plan and become signatories hereto, hereinafter referred to as the "Company" or "Companies," and Bank of America National Trust and Savings Association, hereinafter referred to as the "Trustee."

RECITALS

A. Effective as of January 1, 1951, the Companies adopted and established the Hughes Retirement Plan. An Agreement of Trust was adopted on October 12, 1976 to comply with requirements of the Employee Retirement Income Security Act of 1974. The First and Second Amendments to the Trust were adopted on June 19 and June 20, respectively. This Third Amendment revises certain provisions dealing with insurance contracts and restates the Trust Agreement in its entirety.

B. Said Plan provides for contributions by the Companies and Participants to be held in trust, invested, and paid out by the Trustee or the Insurance Company to Participants and their Beneficiaries and Contingent Annuitants or representatives for the accomplishment of the purposes of said Plan.

C. The Trust is intended to qualify under Sections 401 and 501 of the Internal Revenue Code and regulations issued pursuant thereto and similar provisions of the California Revenue and Taxation Code as a tax-exempt trust, and to comply with the requirements of the Employee Retirement Income Security Act of 1974.

AGREEMENT

NOW, THEREFORE, the Companies hereby adopt the Third Amendment to the Trust Agreement Pursuant to Hughes Retirement Plan, as hereinafter set forth, and the Trustee agrees to receive and hold any and all cash and property which have been or may be paid or delivered to it as Trustee hereunder from time to time in trust for the uses and purposes and upon the terms and conditions hereinafter stated.

ARTICLE I

POWERS, DUTIES AND RIGHTS OF TRUSTEE

Section 1.01 - General

It shall be the duty of the Trustee to hold the funds from time to time received by it from the Companies and Participants which, together with the increase, earnings and profits thereon, shall constitute the Trust Fund; to manage, invest, and reinvest the Trust Fund, except as provided in Section 1.03(d); to collect and hold the increase, earnings, and profits thereon; and to make payments from the Trust Fund; all as herein and in the Plan provided.

Section 1.02 - Subfunds

(a) Unless otherwise directed by the Administrator, the contributions of each Company and its Employees, plus the gains and minus the losses thereon, shall be allocated to a separate subfund attributable to such Company. Except as provided in Section 6.7(c) of the Plan, such separate subfunds shall be maintained solely for internal accounting purposes. The Administrator shall determine the initial allocation of assets to a subfund.

(b) The Trustee shall, at the request of the Administrator on behalf of any Company, maintain more than one subfund for the Company, allocating to it such portion of the assets attributable to such Company as the Administrator specifies.

(c) As directed by the Administrator, the cost of providing Benefits for Participants who were employed by a Company

shall be charged to such Company's subfund or, if it has more than one subfund, to the subfund or subfunds it designates.

(d) An asset of any subfund may consist of an undivided interest in any asset held in common with any other subfund (unless otherwise specified in writing by the Administrator).

Section 1.03 - Status of Fiduciaries

(a) The Trustee shall be a fiduciary within the meaning of Section 3(21)(A) of ERISA and shall perform its duties and exercise its powers as such subject to all provisions of the Plan, the Trust Agreement, ERISA and other applicable laws and regulations governing fiduciaries.

(b) Subject to Sections 403(c), 4042 and 4044 of ERISA, the Trustee and each fiduciary identified as such in the Plan shall discharge their duties with respect to the Plan solely in the interests of the Participants, Beneficiaries and Contingent Annuitants and

(i) for the exclusive purpose of

a providing benefits to such persons

and

b defraying reasonable expenses of administering the Plan, but only as required in Sections 1.04(r) and 1.09 of this Trust Agreement;

(ii) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims;

(iii) by diversifying the investments of the Plan (taking into account not only the assets it manages but all of the assets of the Plan, including any group annuity contracts, and considering the underlying investments represented by any interest in a pooled fund, investment company or group annuity contract) so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(iv) in accordance with the documents and instruments governing the Plan and Trust Fund insofar as such documents and instruments are consistent with the provisions of Title I of ERISA.

(c) The Trustee shall have complete investment management responsibilities over all assets of the Trust Fund except that

(i) it shall have no such responsibilities over assets in an investment account managed pursuant to Section 1.07 by a fiduciary other than the Trustee,

and

(ii) it shall have no such responsibility with respect to any group annuity contract which may be an asset of the Trust.

(d) Subject to the limitations of subsection (b) and Section 1.04(b), the Trustee may invest and hold any or all of the assets over which it has investment management responsibility in assets referred to in Section 1.04(b).

Section 1.04 - Powers and Duties of Investment,
Management and Distribution

Subject to the limitations and requirements of Sections 1.03 and 1.07, the provisions of ERISA and other applicable laws, the Trustee shall have full, power to invest and reinvest and/or cause to be invested the assets of the Trust Fund in such manner as it deems beneficial and appropriate for the Trust Fund without being limited or bound by any rule or custom relating to investments by trustees, as follows:

* * * *

(r) As directed by the Administrator:

(i) Directly, or through an annuity contract mentioned in paragraph (viii), to pay or cause to be paid the benefits provided in the Plan to the persons entitled thereto under the Plan, and in the amounts and in the manner specified.

(ii) To compensate from the Trust Fund such executive, consultant, actuarial, accounting, investment, appraisal, administrative, clerical, secretarial, medical, custodial, depository and legal firms, personnel and other employees or assistants as are engaged by the Administrator in connection with the administration of the Plan or the investment of the Trust Fund, as the case may be, and to pay from the Trust Fund the necessary expenses of such firms, personnel and assistants.

(iii) To impose a reasonable charge to cover the cost of furnishing to Participants, Beneficiaries or Contingent Annuitants upon their written request documents as required under Section 104(b)(4) of ERISA (but not for furnishing information, statements or documents as required by Section 104(b)(1), (2) or (3) or Section 104(c) or Section 105(a) or (c) of ERISA).

(iv) To act upon proper written directions of the Companies, the Administrator or any other named fiduciary or any investment manager including directions given by photostatic tele-transmission using facsimile signature.

(v) To pay premiums for plan termination insurance to the Pension Benefit Guaranty Corporation.

(vi) To pay from the Trust Fund the expenses reasonably incurred in the administration of the Trust Fund or the Plan, as provided in the Plan.

(vii) To maintain insurance for such purposes, in such amounts and with such companies as the Administrator shall elect, including insurance to cover liability or losses occurring by reason of the acts or omissions of fiduciaries (but only if such insurance permits recourse by the insurer against the fiduciary in the case of a breach of a fiduciary obligation by such fiduciary).

(viii) To enter into, modify, renew and terminate contracts of any type with one or more insurance companies and to pay or deposit all or any part of the Trust Fund thereunder; to provide in any such contract for the investment of all or any part of funds so deposited with the insurance company in separate accounts, commingled or otherwise, and to provide for the purchase of annuities for retired Participants, including variable annuities; to exercise and claim all rights and benefits granted to the contract holder by any such contracts.

* * *

ARTICLE IV AMENDMENT

Section 4.01 - Power to Amend

The Administrator and the Trustee shall have the right at any time and from time to time to enter into agreements modifying or amending this Trust Agreement in whole or in part.

Section 4.02 - Limitation on Amendment

No amendment shall be made at any time under which any part of the Trust Fund may be diverted to purposes other than for the exclusive benefit of Participants and their Beneficiaries and Contingent Annuitants or which shall decrease the percentage or amount of the interest of any Participant which shall theretofore have become Vested.

Section 4.03 - Conformity with Law

Notwithstanding anything herein to the contrary, this Trust Agreement may be amended prospectively or retroactively at any time by the Administrator or its duly authorized representative, upon reasonable notice to the Trustee, if deemed necessary to conform to the provisions and requirements of ERISA or the Internal Revenue Code or regulations promulgated pursuant thereto in order to maintain

the tax-exempt status hereof thereunder, or to conform to the provisions and requirements of any law, regulation, order or ruling affecting the character or purpose of the Plan or Trust.

* * *

ARTICLE VI DURATION AND TERMINATION

Section 6.01 - Irrevocability

This Trust is hereby declared to be irrevocable.

Section 6.02 - Duration

This Trust shall continue in full force and effect for the maximum period of time permitted by law and in any event until the expiration of twenty-one years after the death of the last surviving person who was living at the time of execution hereof who at any time becomes a Participant in the Plan, unless this Trust is sooner terminated in accordance with the Plan.

ARTICLE VII MISCELLANEOUS

Section 7.01 - Successor Company; Additional Companies

(a) If any successor to a Company continues the Plan, it shall concurrently become a successor first party to this Trust Agreement by giving written notice of its adoption of the Plan and this Trust Agreement to the Trustee by duly authorized persons, which notice shall constitute such successor a signatory hereto.

(b) If any other corporation adopts the Plan, in accordance with the provisions therein, it may become an additional Company and party to this Trust Agreement by giving written notice of its adoption of the Plan and of this Trust Agreement to the Trustee, which notice shall constitute such additional Company a signatory hereto.

Section 7.02 - Relation to Plan

All words and phrases used herein shall have the same meaning as in the Plan, and this Trust Agreement and the Plan shall be read and construed together. Whenever in the Plan it is provided that the Trustee shall act as therein prescribed, it shall be and is hereby authorized and empowered to do so for all purposes as fully as though specifically so provided herein; provided, however, that no amendments to the Plan made subsequent to the date hereof which substantially increase the duties or responsibilities of the Trustee, or substantially reduce its immunities, shall bind or affect the Trustee until approved in writing by the Trustee. The Administrator shall furnish the Trustee with copies of the Plan and all amendments.

Section 7.03 - Use of Trust Funds

Under no circumstances shall any contributions by a Company to the Trust or any part of the Trust Fund be recoverable by any Company from the Trustee or from any Participant or former Participant, his Beneficiaries, or any other person, or be used for or diverted to purposes other than for the exclusive purposes of providing benefits to Participants and their Beneficiaries and Contingent Annuitants; provided, however, that the portion, if any, of the Trust Fund not required for the satisfaction of all liabilities to Participants, their Beneficiaries and Contingent Annuitants shall, upon termination of the Plan, revert to the Companies.

Section 7.04 - Location of Fund Assets

Except as authorized by the Secretary of Labor by regulation, the indicia of ownership of any assets of the Fund and Plan shall not be maintained outside the jurisdiction of the District Courts of the United States.

Section 7.05 - Partial Invalidity

If any provision of the Trust Agreement is held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining portions of the Trust Agreement, unless

such illegality or invalidity prevents accomplishment of the objectives and purposes of the Trust Agreement and the Plan. In the event of any such holding, the parties will immediately amend the Trust Agreement as necessary to remedy any such defect.

Section 7.06 - Construction

This Trust Agreement shall be construed, administered, and enforced according to ERISA and the Internal Revenue Code and where State law is applicable, under California laws, fairly and equitably, and in accordance with the purposes of the Plan.

Executed at Los Angeles, California, the day and year first written above.

BANK OF AMERICA
NATIONAL TRUST AND
SAVINGS ASSOCIATION

HUGHES AIRCRAFT
COMPANY

By /s/ [illegible]
"Trustee"

By /s/ [illegible]
Vice President-Finance

By /s/ [illegible]
"Trustee"

By /s/ [illegible]
President
"Companies"

Approved as to form:

Approved

LATHAM & WATKINS

By /s/ Ethan Lipsig
Ethan Lipsig
Attorneys for Companies

By /s/ Richard F. Allen
Richard F. Alden
General Counsel
Hughes Aircraft Co.

* * * *

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF CALIFORNIA**

STANLEY I. JACOBSON, DANIEL P. WELSH,
ROBERT E. MCMILLIN, ERNEST O. BLANDIN
and RICHARD E. HOOK, individually and on
behalf of all those similarly situated,

Plaintiffs,

-against-

HUGHES AIRCRAFT COMPANY and HUGHES
NON-BARGAINING RETIREMENT PLAN,

Defendants.

CV 92-4020-RG (Bx)

AFFIDAVIT OF STANLEY I. JACOBSON

STATE OF ARIZONA)
) ss.:
COUNTY OF TUCSON)

STANLEY I. JACOBSON, being duly sworn deposes and
says:

1. I am a named plaintiff and submit this affidavit in
opposition to defendant's motion to dismiss to show to the
court that the old Contributory Plan and the new Non-
Contributory plan are separate benefit plans.

2. Attached hereto as exhibit "A" is a letter dated May 2,
1990 signed by Gerald A. Monty, Director of Human

Resources of Hughes 1990 signed by Gerald A. Monty, Director of Human Resources of Hughes Missile System Group. The letter announces the creation of "a new retirement plan." The letter states that:

"Current employees will have a choice of the between the existing retirement plan and the new plan. The new retirement plan will not require employee contributions and will have benefits commensurate with a non-contributory plan."

3. Thus, Mr. Monty, a Hughes official, refers to the new non-contributory plan as a "new plan" even though defendants attempt now to characterize it as an amendment to the Contributory Plan.

4. Annexed as exhibit "B" hereto is a brochure sent by Hughes to contributory plan participants explaining the differences between the Contributory and new Non-Contributory plans. A perusal of document shows that there is absolutely nothing in common between the contributory and non-contributory plans. The contributory plan is a mandatory plan which all new employees and employees who did not enroll in the contributory plan are covered by. There is no election of options. No new employees may participate in the contributory plan. The contributory plan was elective and required a monthly contribution by the employees. The new non-contributory plan is mandatory and requires no contributions.

5. The benefits provided by the contributory and non-contributory plans are entirely different. The contributory plan provides health coverage, the non-contributory plan does not. The contributory plan has a cost of living adjustment. The non-contributory plan does not. The contributory plan has an unreduced early retirement benefit as early as age 55. The non-contributory plan does not. The benefit formulas for the contributory and non-contributory plans are completely different and in general, the contributory plan pays higher monthly benefits. The "career average" and minimum benefit

formulas are not used to compute benefits under the non-contributory plan. Compensation in the contributory plan includes all premium pay. In the non-contributory plan it includes only overtime and shift differential but not other forms of premium pay.

6. In short, except for having the same trustees, the two plans have nothing in common. They have different participants and different benefits. The contributory plan is a thing of the past. No new employees will be able to participate in it. The non-contributory plan is mandatory for all new employees (and for old employees who did not participate in the contributory plan). The non-contributory plan did not exist prior to January 1, 1991 and the contributory plan has been frozen after January 1, 1991. For the defendants to allege that the contributory plan has merely been amended is pure semantics. Defendants cannot avoid the proscription of ERISA by calling the creation of a new plan an amendment of the old plan.

7. Accordingly, the motion to dismiss should be denied.

8. I declare under penalty of perjury-under laws of the United States of America that the foregoing is true and correct.

/s/ Stanley Jacobson
STANLEY I. JACOBSON

Sworn to before me this
day of November, 1992

/s/ [illegible]
Notary Public

EXHIBIT A

HUGHES

MISSILE SYSTEMS GROUP

May 2, 1990

Dear Fellow Employee:

The number of employee benefit choices that Hughes employees can make grew substantially during the 80's. As we move into the 90's, Hughes will be able to offer you more choices and the opportunity to design a individual benefit plan to meet your lifestyle. In the following information, you will find brief descriptions of major benefit changes taking place for salaried employees in the next to years.

Flexible Benefit Options

Hughes is developing a plan which will allow you design a benefits plan for your lifestyle. This will be done by combining the dollars spent on many of our existing benefits and letting you use these dollars to select those benefit choices which you feel are the most important. This approach has been named SPECTRUM because of the wide range options which will be offered.

SPECTRUM will make it easier for Hughes to keep care costs under control and allow you to select the type and level of coverage suited to your lifestyle. California salaried employees will have these options effective January 1, 1991.

Tucson salaried employees will not be able to participate in SPECTRUM until we move our employees onto the Corporate Payroll System. The Payroll move is currently scheduled for April 1991, with flexible benefit enrollment for Tucson employees following sometime later in 1991. More details will be provided as Tucson SPECTRUM implementation dates are finalized.

Retirement/Savings Modifications

There are several legal and accounting changes that must be made to the existing retirement plan in 1990. These changes will not result in a lower accrued retirement benefit or a change to the Magic 75 benefit, but they do make the plans more costly and difficult to administer. Due to these required changes and other issues, a new retirement plan will be introduced at Hughes effective January 1, 1991. Current employees will have a choice between the existing retirement plan and the new plan. The new retirement plan will not require employee contributions and will have benefits commensurate with a non-contributory plan.

The Company has no plan to terminate the existing retirement plan for currently participating employees. Details regarding the required changes to the Plan, as well as information to help salaried employees decide which plan to choose, will be distributed over the next few months.

There are also plans to increase the Company match in the Salaried Thrift and Savings Plan and make part of the match in GM-H stock. This change is designed to put more Company stock in the hands of employees and to make it easier for employees to increase the funds they save for the future. Details regarding this change will be announced when they have been finalized.

To Summarize

The design of many of Hughes salaried benefit plans is being changed. While some of the changes for Tucson Salaried employees will be effective January 1, 1991, others will not occur until after we move our employees onto the California payroll system.

To keep you updated on these changes, you will receive more communications in the coming months. There will also be articles in MSG Today and the Hughes news. You may want to keep copies of these communications for future reference.

Sincerely,

/s/ G.A. Monty
Gerald A. Monty
Director Human Resources

EXHIBIT B

HUGHES

**INTRODUCING A NEW RETIREMENT
BENEFIT . . . AND A ONE-TIME
OPPORTUNITY FOR YOU**

SPECTRUM

*Between now and
December 21, 1990,
you will have a
choice between
electing the current
contributory
retirement benefit
and a new
noncontributory
retirement benefit
that is paid for
entirely by Hughes.*

*Both have their
advantages. But you
must decide which
one is best for you by
December 21.*

- Item:** A recent study of retirement expectations conducted by the Daniel Yankelovich Group and IDS Financial Services uncovered some surprising gaps between people's retirement goals and their confidence in their ability to meet those goals: while 97% of survey respondents said a steady source of retirement income was one of their major goals, only half said they were "doing well at achieving it."
- Item:** The U.S. Census Bureau forecasts that by the year 2040, the average 65-year-old will probably live another 20 years, compared with about 17 years now. That means your retirement savings will have to cover your living expenses over a longer lifetime.
- Item:** A Merrill Lynch survey of 45-to 64-year old nationwide found that while 59% of the respondents wanted to retire before age 65, only 18% of those people saved enough to consider retiring early.

As these news suggest, the dynamics of retirement are changing dramatically across the United States. Because of indicators like these, having adequate financial resources for retirement is more important than ever before.

Each of our retirement needs and goals is different and, as a result, each of us must take responsibility for our retirement planning and the savings that will help us achieve our goals. Your retirement program at Hughes Aircraft — made up of the Retirement Plan and the Thrift Savings Plan — can help you reach those goals.

This guide has been prepared to explain some important changes in Hughes' retirement program and to help you make some critical decisions in the coming weeks about your participation.

The decisions you make today will help make tomorrow's retirement goals a reality.

[Table of Contents Omitted]

WANT THE SHORT VERSION?

Here are the highlights of the changes in the Retirement Plan and the Thrift and Savings Plan. To learn more, please see the applicable section of this guide.

Retirement Plan:

- Hughes is adding a new noncontributory Retirement Plan alternative. Between now and December 21, you have a one-time opportunity to choose between the current contributory benefit and the new noncontributory benefit.
- If you are a current plan participant, these changes have no impact on the benefits you have already earned under the Retirement Plan.
- The *contributory benefit* continues to offer you medical coverage at retirement, an annual cost-of-living adjustment in your retirement benefit, and an unreduced early retirement benefit as early as age 55 if you qualify for Magic 75. **These three provisions are not included in the new noncontributory benefit.**
- The *noncontributory benefit* offers you the security of a retirement benefit without your having to make contributions to the plan.

Thrift and Savings Plan:

- You now have to contribute only 1% of earnings to participate in the plan and receive a matching contribution from Hughes.
- The Hughes match is improved: the first 3% of earnings saved will be matched dollar for dollar in GM-H stock. The next 4% of earnings saved will be matched at 75 cents on the dollar and will be invested the same way as your savings.

What you have to do

- Review this guide to compare your retirement benefits under the two alternatives.
- If you would like to compare personal estimates of your retirement benefits, a PC program will be available in October from your local Employee Benefits office.
- Decide which alternative is best for you and return your Retirement Benefit Election Form no later than December 21.

What if you don't make an election?

- Current plan participants (including those with suspended contributions) will automatically remain in the contributory benefit.
- Employees not currently participating in the plan will automatically receive the noncontributory benefit.

WHY THE CHANGES

In a recent study of the Retirement Plan at Hughes, the Company discovered — not surprisingly — that many employees don't consider participating in the plan until they reach their early 40s, an age at which employees traditionally start thinking about the future. But as our work force changes over the next decade and as employees' retirement goals change, planning and saving for retirement should begin earlier and occur throughout an employee's working years.

This fall, Hughes Aircraft is making several changes to the Company's retirement program.

These plan changes are being made not only to better respond to our employees' changing needs — and to those of future retirees — but also to respond to changing laws that make it increasingly difficult for companies to administer retirement plans like our current one.

Tax law changes and other legal requirements are having a significant impact on retirement plans designed 20 or 30 years ago for a very different work force. They've prompted companies like Hughes to take a closer look at their retirement programs and update these benefit plans for the 1990s — and beyond.

Hughes' commitment to a strong retirement program continues. That's why you see an increased emphasis — and higher Company match — in the Thrift and Savings Plan. The new program offers you flexibility and sound financial footing for retirement.

[sidebars omitted]

HOW TO LEARN MORE

This guide explains how Hughes has updated your retirement benefits for the 90s. Use it, together with the other materials the Company has prepared for you, in determining which Retirement Plan benefit best meets your future needs. You'll find the following materials as part of this information kit:

- A personal statement comparing benefits under the two alternatives
- A question and answer brochure
- A Retirement Benefit Election Form.

If you'd like to make a detailed analysis of your benefit alternatives. Hughes will also make available an easy-to-use computer program around October 1. Contact your local Employee Benefits office for a copy of the diskette.

Here's how the guide is organized. First, we'll take a closer look at the Retirement Plan changes that are effective January 1, 1991. Then, we'll review the changes in the Thrift and Savings Plan. Finally, we'll look at the decisions you must make by December 21, 1990. Throughout this guide we'll offer some points you should consider as you make your decision.

A NEW OPTION FOR RETIREMENT PLANNING

Retirement benefits aren't new to Hughes employees. All eligible Hughes employees have had an opportunity to join the Retirement Plan by contributing 3% of annual compensation to the plan. At retirement, monthly benefits are provided by a combination of Company and employee contributions.

Because employees were required to contribute to participate in the plan, many employees opted out — or elected to join

the plan later in their careers when retirement became a more pressing concern.

This fall Hughes is offering all eligible employees a new retirement benefit — one that employees won't have to contribute to. The new benefit automatically covers employees hired after August 1, 1990, as well as all employees not participating in the current contributory retirement benefit on January 1, 1991. The new benefit does not replace the current contributory plan; instead, Hughes is offering current employees a one-time opportunity to choose the benefit they wish to receive.

During a special retirement enrollment period from now to December 21, 1990, you must select one of the two benefits; **once your decision is made, you cannot change your election in the future.**

COMPARING THE CONTRIBUTORY AND NONCONTRIBUTORY BENEFITS

There are several differences between the contributory and noncontributory retirement benefits that you need to understand in making your decision, including eligibility for retiree medical coverage and unreduced early retirement benefits. The chart on pages 6 and 7 compares the key differences.

WHAT RETIREE MEDICAL COVERAGE CAN MEAN TO YOU

If you elect the contributory retirement benefit, you are eligible for medical coverage from the Company when you retire. This coverage is available to you from retirement to age 65, when you are then covered by Medicare.

- Earliest age for retiree medical coverage: 55
- Age at which Medicare takes over: 65

All Hughes retirees, whether they select the contributory or noncontributory retirement benefit, will be eligible for the Medicare supplement offered by Hughes, which coordinates with Medicare to provide insurance coverage for services not fully covered by Medicare. Retirees must pay the cost of the Medicare supplement themselves.

In addition, all eligible Hughes retirees, regardless of the retirement benefit selected, receive life insurance coverage.

THE DIFFERENCES

| Plan Provision | Contributory | Noncontributory |
|--------------------------|---|---|
| ■ Employee contributions | Employee contributions of 3% of compensation required. | No employee contributions. |
| ■ Benefit formula | <p>You receive the highest benefit from one of three formulas (or the value of your accrued contributions, if larger).</p> <p>For most Hughes retirees, the final average compensation formula will provide the highest benefit:</p> <div data-bbox="567 1254 828 1675" style="border: 1px solid black; padding: 5px;"> <p>T o t a l contributory service from eligibility date times .0175 times final a v e r a g e m o n t h l y compensation</p> </div> | <p>Monthly retirement benefit is based on the following formula:</p> <div data-bbox="867 741 1145 1039" style="border: 1px solid black; padding: 5px;"> <p>.015 times final average monthly compensation for first 35 years of participating service</p> </div> <p style="text-align: center;">plus</p> <div data-bbox="867 1178 1145 1477" style="border: 1px solid black; padding: 5px;"> <p>.005 times final average monthly compensation for participating service over 35 years</p> </div> |

minus

minus

T o t a l
contributory
service from
eligibility date
(up to a
maximum of
33 1/3 years)
times .015
times monthly
Social Security
p r i m a r y
i n s u r a n c e
amount

.006 times
c o v e r e d
compensation
for first 35 years
of participating
service

See "Some definitions you need to know" for information on the other two formulas that may be used to calculate your benefit:

- Career average formula
- Minimum benefit formula

The career average and minimum benefit formulas are not used to calculate noncontributory benefits.

| | | |
|--|---|---|
| ■ Definition of compensation for benefit calculation | Compensation used to calculate your retirement benefit includes premium pay. | Compensation used to calculate your retirement benefit includes overtime and shift differential but not other forms of premium pay. |
| ■ Cost-of-living adjustment | ■ Annual adjustment can be up or down. ■ Maximum adjustment of 4% annually, but benefit is never less than your original benefit. ■ Available only to employee who retire or leave Hughes after age 55. | No automatic cost-of-living adjustments after retirement. |
| ■ Eligibility for retiree medical benefits | At retirement, you and your spouse are eligible for the Company's retiree medical program until age 65. | At retirement, you are not eligible for medical coverage from Hughes. |

| | | |
|--|---|--|
| ■ Vesting | The same vesting rules apply to both alternatives. Service is counted from your adjusted benefit date. | You are vested after five years of service with Hughes. |
| ■ Unreduced early retirement benefits. | Early retirement benefits are not reduced if you retire at or after age 55 and your age and continuous service total 75 or more (Magic 75). | Early retirement benefits are not reduced if you retire three years before your Social Security retirement age with at least 10 years of continuous service. Your Social Security retirement age and eligibility for unreduced early retirement are determined as follows: |

| Birth year | Social Security retirement age | Earliest age for unreduced early retirement |
|----------------|--------------------------------|---|
| ■ Before 1938 | 65 | 62 |
| ■ 1938 to 1954 | 66 | 64 |
| ■ After 1954 | 67 | 64 |

Magic 75 calculation is not available.

■ Payment Options

(See "Some definitions you need to know" for more information on each option.)

| | | |
|------------------------------|-----|-----|
| Single life annuity | Yes | Yes |
| Joint and survivor annuities | | |
| —50% survivor's benefit | Yes | Yes |
| —66-2/3% survivor's benefit | Yes | No |

| | | |
|-----------------------------------|-----|-----|
| —75% survivor's benefit | Yes | Yes |
| 100% survivor's benefit | Yes | Yes |
| Certain and continuous options | | |
| — for 5 years | Yes | No |
| — for 10 years | Yes | Yes |
| — for 15 years | Yes | No |
| Period certain options | | |
| — for 5 years | Yes | No |
| — for 10 years | Yes | Yes |
| — for 15 years | Yes | Yes |
| Modified cash refund annuity | Yes | No |
| Social Security adjustment option | Yes | No |

[sidebar omitted]

The cost to Hughes for the contributory and noncontributory benefits is approximately the same. However, since the new noncontributory benefit will not include employee contributions, this benefit will be smaller. To make up that difference, many employees who choose the noncontributory benefit may want to take the money they would have directed to the contributory benefit and invest it elsewhere — for example, in an Individual Retirement Account, the Thrift and Savings Plan, or other investments.

Which plan is best for you depends on your personal circumstances. The enclosed personal statement compares your estimated benefits under each alternative.

For additional estimates, you may want to use the computer program that will be available from your local Employee Benefits office and will enable you to estimate and compare your retirement income under both benefits. Using a personal computer, you can choose your own assumptions for salary increases, investment performance, and inflation, and estimate your benefits at different retirement ages under each alternative.

POINTS TO CONSIDER

Selecting a retirement benefit is a personal decision that only you can make. Among the points you'll want to consider are:

- Which alternative provides me the better monthly retirement income?
- Is an annual cost-of-living adjustment in my retirement benefit important to me? Or do I have other savings that I can rely on if my cost of living increases after retirement?
- Is early retirement important to me? Do I expect to be eligible for early retirement under the Magic 75 calculation?
- Is retiree medical coverage important to me? If I elect the noncontributory benefit, do I have medical coverage available through my spouse or through other sources? Do I expect to work until age 65? (Medicare coverage begins at age 65.)
- Does the benefit offer the payment options I'll want when I retire?
- Would I prefer to invest my 3% Retirement Plan contribution elsewhere — in the Thrift and Savings Plan, for example? (We'll talk more about this in the section titled "Changes in the Thrift and Savings Plan.")

WHAT THE COST-OF-LIVING ADJUSTMENT CAN MEAN TO YOU

If you elect the contributory benefit, you are eligible for an annual cost-of-living adjustment in your retirement benefit on each January 1 for as long as you or your beneficiary receive a retirement benefit from Hughes.

Here's an example of the cost-of-living adjustment for a five-year period for one Hughes retiree.

| | |
|--------------------------------|------------|
| Retirement at age 65 (Year 1): | \$1,000.00 |
| Year 2 (3.5% adjustment): | \$1,035.00 |
| Year 3 (4% adjustment): | \$1,076.40 |
| Year 4 (3.7% adjustment): | \$1,116.23 |
| Year 5 (3% adjustment): | \$1,149.71 |

IF YOU CURRENTLY CONTRIBUTE TO THE RETIREMENT PLAN

If you currently contribute to the plan, you should be aware of several rules that may apply to you:

- If you do not make an election by December 21, 1990, you will automatically continue contributing.
- If you continue participating in the contributory benefit and later suspend contributions to the plan, you may not change to the noncontributory benefit. (You may resume contributions to the contributory benefit after one year.)
- If you've participated in the contributory plan in the past, but are not currently contributing, you **must choose** a retirement benefit. If you don't, you will automatically remain in the contributory plan, but with suspended contributions.
- If you elect the noncontributory benefit and leave Hughes after age 55, the contributory benefit earned through December 31, 1990 will be eligible for the annual cost-of-living adjustment.
- If you elect the noncontributory benefit, you will not be eligible for medical coverage when you retire from Hughes.
- If you elect the noncontributory benefit and retire early from Hughes, the contributory benefit earned through December 31, 1990 will not be reduced if you qualify for Magic 75.
- If you are in your one-year waiting period and previously elected the contributory benefit, you still must decide by December 21 which retirement benefit you want.

Another important factor in making your decision may be upcoming improvements in the Thrift and Savings Plan. The next section of this guide reviews these changes.

CHANGES IN THE THRIFT AND SAVINGS PLAN

Hughes Thrift and Savings Plan is designed to help you save for long-term goals like retirement. Unlike the Retirement Plan, the savings plan allows **you** to determine — up to certain limits — how much to save and how you wish those savings invested. These options give you the opportunity to design your own retirement savings program to meet your personal needs.

Here are the plan improvements effective January 1, 1991:

- **Getting in is easier:** You now have to contribute only 1% of earnings to participate in the savings plan and qualify for a Company match. This improvement makes it even easier for all employees to participate: even if you contribute the minimum, you'll be earning a matching contribution from Hughes.
- **Improved Company match:** Hughes continues to match your savings with these improvements:
 - The first 3% of earnings you save will be matched dollar for dollar in General Motors-Class H stock.
 - The next 4% of earnings you save will be matched at 75 cents on the dollar.

- **Investment options:** Currently Hughes' matching contributions are invested the same way you direct your savings to be invested. Beginning January 1, 1991:
 - The Hughes match on the first 3% you save will automatically be invested in GM-H stock.
 - You can transfer GM-H stock to another investment after you've held it for at least two full plan years.
 - The Hughes match on the next 4% you save will be invested the same way your savings are invested. (Matching contributions in your Savings Plan account through December 31, 1990 will remain invested as they currently are.)

You are eligible for all of these improved savings plan benefits regardless of which retirement benefit you select.

HOW YOU CAN BENEFIT FROM THE IMPROVED COMPANY MATCH

Here's how the improved matching contribution from Hughes compares:

| NEW MATCH | | OLD MATCH | |
|-------------|----------------|-------------|----------------|
| You save | Hughes adds | You save | Hughes adds |
| First 3% | 100% | First 3% | 75% |
| Next 4% | 75% | Next 4% | 75% |
| Next 5% | 0% | Next 5% | 0% |

Here's an example of the Hughes match for an employee earning \$30,000 a year and saving 7% of pay in the plan:

| NEW MATCH | | | OLD MATCH | | |
|-----------|-------------|----------------|-----------|-------------|----------------|
| | You save | Hughes adds | | You save | Hughes adds |
| First 3% | \$900 | \$900 | First 3% | \$900 | \$675 |
| Next 4% | \$1,200 | \$900 | Next 4% | \$1,200 | \$900 |
| | \$2,100 | \$1,800 | | \$2,100 | \$1,575 |

In this example, you would receive an extra \$225 a year with the new Hughes matching contribution.

[sidebar omitted]

MAKING THE MOST OF THE SAVINGS PLAN

The Thrift and Savings Plan is 401(k) plan that allows your savings, Company contributions and the earnings on these funds to accumulate tax-deferred until they are withdrawn from the plan. This means you don't pay current federal or state income taxes on your savings, the matching contributions from Hughes, or the earnings on them — a significant advantage when you're trying to save for the future.

The savings plan also allows you to establish your own investment strategy for your savings by offering you a range of investment vehicles to meet your objectives. You may continue to invest your savings in any combination of the following funds in increments of 10%:

- **Equity fund:** This fund is composed primarily of capital stock or convertible securities and the gains or losses on these investments. This fund's investment objective is long-term capital growth.
- **Fixed income Fund:** This fund is composed primarily of short-term debt obligations of not more than 12 months of the U.S. government, banks, or corporations, such as U.S. Treasury bills, certificates of deposit, commercial paper, or similar investments. This fund's investment objective is to preserve capital and earn a reasonable rate of return.
- **GM-H stock:** General Motors-Class H common stock.
- **Balanced fund:** This fund includes capital stock as defined by Standard and Poor's 500 Index Fund, obligations of the U.S. government, cash equivalents, financial futures, stock indexed futures, or similar investments. This fund's objective is to earn a reasonable rate of return in rising markets and to preserve capital, where possible, in falling markets.

POINTS TO CONSIDER

As you select your Retirement Plan benefit, you'll also want to take a close look at your Thrift and Savings Plan participation and consider how the two plans can work together to provide your future retirement security. Here are some points you'll want to consider:

- Do you currently participate in the Thrift and Savings Plan? If not, it's almost like throwing money away — because you're missing out on the Hughes match.
- If you're saving only 2% of your earnings, consider increasing your savings to take full advantage of the Company match.
- Are you currently contributing 3% of pay to the Retirement Plan? If so, are you looking for the regular monthly income provided by the Retirement Plan — or a cash lump sum that could be accumulated through the Thrift and Savings Plan?
- Is establishing a nest egg important to you — for buying a home or paying college expenses, for example? If so are you saving the maximum amount in the savings plan?

RETIREMENT SAVINGS AND YOUR TAXES

Your decision on where to make your 3% contribution to retirement savings — in the contributory retirement benefit or the Thrift and Savings Plan — carries with it some important tax implications.

Savings in the contributory benefit are made **after** federal and state income taxes are deducted from your paycheck, while savings in the savings plan are made **before** taxes. This is an important distinction that can help you save on current income taxes.

Here's a comparison of the tax savings for a single employee earning \$30,000 annually when the 3% contribution is made before or after taxes.

| | After-tax contributions | Before-tax contributions |
|-------------------------|----------------------------|-----------------------------|
| Annual income | \$30,000 | \$30,000 |
| Before-tax savings | - 0 | - 900 |
| Taxable (W-2) income | \$30,000 | \$29,100 |
| 1990 federal income tax | - 4,388 | - 4,136 |
| After-tax savings | - 900 | - 0 |
| Spendable income | \$24,712 | \$24,964 |
| Tax savings | \$252 | |

This example, using 1990 tax rates, assumes the taxpayer is single with one exemption, takes the standard deduction, and has no other income, itemized deductions, or tax credits. As a California resident, this taxpayer would save an additional \$84 in state taxes — for total tax savings of \$336 if this 3% contribution is made before taxes in the Thrift and Savings Plan.

[sidebar omitted]

DECISIONS YOU MUST MAKE — AND BY WHEN

Your decision about your Retirement Plan participation is important — even if you don't expect to retire for another 20 or 30 years. You must complete and return the enclosed Retirement Benefit Election Form, selecting one of the two retirement benefits by December 21, 1990.

Here are the choices you need to make:

If you're currently contributing to the Retirement Plan:

- Do you want to contribute contributions?
- Do you want to switch to the noncontributory benefit?

If you're not currently participating in the Retirement Plan:

- Do you want to elect the contributory benefit or the new noncontributory benefit?

The retirement enrollment period this fall will be your only opportunity to make this decision. This is an irrevocable, one-time election. Once your election is made, you cannot change your mind.

WHAT IF YOU DON'T MAKE AN ELECTION?

If you do not return an Election Form, you will automatically be covered by a retirement benefit on the basis of your current participation:

- **Participating on December 21, 1990:**
Automatically remain in contributory benefit.
- **Suspended contributions on December 21, 1990:**
Automatically remain in contributory benefit.
- **Not participating on December 21, 1990:**
Automatically participate in noncontributory benefit on January 1, 1991 (after one year of Company service).

It's important that you elect a retirement benefit; don't be assigned one just because you don't make an election. You cannot make future changes if you are automatically covered by one of these benefits.

FOR MORE INFORMATION

If you need more information about the Retirement Plan or the Thrift and Savings Plan, please contact your local Employee Benefits office.

SOME DEFINITIONS YOU NEED TO KNOW

Adjusted Benefit Date

When you are first employed with Hughes, your benefit date is the same as your hire date. If your service is interrupted, this date is moved forward, establishing your adjusted benefit date.

Annual Compensation-Contributory Benefit

Annual salary, including any amounts deferred under the Thrift and Savings Plan, plus premium pay, overtime, shift differentials, lead person bonuses, and any bonuses or amounts paid under the Salary Adjustment Plan, Supplementary Compensation Plan, or the Management Incentive Plan, and any commissions, up to a maximum of \$209,200 in 1990.

Annual Compensation-Noncontributory Benefit

Annual salary, including any amounts deferred under the Thrift and Savings Plan, plus overtime, shift differentials, lead person bonuses, and any bonuses or amounts paid under the Salary Adjustment Plan, supplementary compensation Plan, or the Management Incentive Plan, and any commissions, up to a maximum of \$209,200 in 1990. Forms of premium pay other than overtime and shift differentials are not included.

Contributory Benefit

Benefits available from the Hughes Retirement Plan that require a 3% contribution from employees.

Cost-of-Living Adjustment

Annual adjustment in the contributory retirement benefit. The adjustment can increase or decrease your retirement benefit each year but your benefit will never be less than your original benefit. The adjustment is never more than 4%.

Covered Compensation

A 35-year average of the annual maximum Social Security wage base. It is used to calculate the noncontributory retirement benefit.

Eligibility Date

The first anniversary of your employment with Hughes provided you have worked at least 1,000 hours in that year.

Final Average Monthly Compensation

The average of your highest monthly compensation for 60 consecutive months out of the past 120. If you have not been employed with Hughes for five years, then an average of your monthly compensation will be taken for the full period of your employment.

Magic 75

The number that qualifies you for an unreduced early retirement benefit from the contributory plan. You must be at least age 55 and your age and service with Hughes must total at least 75 to qualify.

Noncontributory Benefit

Retirement Plan benefits not requiring any contribution from employees.

Payment Options:**Single Life Annuity**

Pays a monthly benefit for your lifetime only, with no benefits paid to anyone upon your death.

Joint and Survivor Annuity

Pays a monthly benefit for your lifetime and upon your death pays to your beneficiary a benefit equal to a percentage of the benefit you received.

Certain and Continuous Option

Pays a guaranteed reduced benefit until your death or, should you die within the guaranteed period, the same reduced benefit is paid to your beneficiary from the date of your death for the remainder of the guaranteed period.

Period Certain Option

Pays a benefit for guaranteed certain period to you or your beneficiary. No monthly income is payable after the guaranteed certain period.

Modified Cash Refund Annuity

Pays maximum of the monthly benefit around during the full fixed period to you only. If you die before your contributions plus interest are paid, the balance is paid to your beneficiary. No monthly benefits are payable after the fixed period. Available only from the contributory benefit.

Social Security Adjustment Option

Coordinates with Social Security to produce a total income from both the Retirement Plan and

Social Security that is approximately the same before and after your Social Security benefits begin. Available only from the contributory benefit.

Premium Pay

Pay in addition to annual compensation, including sea duty premium, hazard premium, domestic field allowances, flight pay, compensable travel pay, capture and detention pay, and foreign service premium.

Retirement Eligibility Date

Date you are first eligible to retire.

Retirement benefit formulas for the contributory benefit:**Career average formula**

For compensation after December 31, 1985:

$$\begin{aligned} & [.01 \text{ times monthly compensation up to } \$3,600 \\ & + .02 \text{ times monthly compensation over } \$3,600] - 12 \\ & + \text{Accrued benefit through December 31, 1985} \\ & \quad (1/24 \text{ of your contributions through 1985}) \end{aligned}$$

= Monthly retirement benefit

Minimum benefit formula

$$\begin{aligned} & \text{Total contributory service from eligibility date} \\ & \times [(.005 \text{ times final average monthly} \\ & \quad \text{compensation}) + \$13] \end{aligned}$$

= Monthly retirement benefit

Final average compensation formula

$$\begin{aligned} & \text{Total contributory service from eligibility date times} \\ & .0175 \text{ times final average monthly compensation} \end{aligned}$$

- Total contributory service from eligibility date (up to a maximum of 33¹ 3 year) times
0.15 times monthly Social Security primary insurance amount

= Monthly retirement benefit

Retirement benefit formula for the noncontributory benefit

.015 times final average monthly compensation
for first 35 years of participating service
+ .005 times final average monthly compensation
for participating service over 35 years
- .006 times monthly covered compensation for
first 35 years of participating service

= Monthly retirement benefit

This booklet presents certain highlights of the Retirement Plan and Thrift and Savings Plan at Hughes Aircraft Company. In all cases of questions or discrepancies about benefits under these plans, the plan documents and the prospectus for the applicable plan will govern. This booklet shall not be construed as a contract for purposes of employment or payment of benefits.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

STANLEY I. JACOBSON, DANIEL P. WELSH,
ROBERT E. MCMILLIN, ERNEST O. BLANDIN
RICHARD E. HOOK, ROGER BILYEU,
BEATRICE A. WHYLD, DR. BERNARD WINIKUR,
FRANK HENDERSON and RICHARD D. RANDALL,
individually and on behalf of all those similarly situated,

Plaintiffs,

v.

HUGHES AIRCRAFT COMPANY; HUGHES
NON-BARGAINING RETIREMENT PLAN; HUGHES
ELECTRONICS CORP.; RAYTHEON CO.; HE
HOLDINGS, INC.; HUGHES DEFENSE; HUGHES
ELECTRONICS NON-BARGAINING RETIREMENT
PLAN; HUGHES DEFENSE NON-BARGAINING
RETIREMENT PLAN; and RAYTHEON NON-
BARGAINING RETIREMENT PLAN,

Defendants.

CASE NO. CV-92-4020-ABC

FIRST AMENDED COMPLAINT

Plaintiffs, by their undersigned attorneys, complain as follows:

NATURE OF THE ACTION

1. This is a class action for breach of statutory and fiduciary duties and to enforce the rights of pension plan

participants arising under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), 29 U.S.C. §§ 1001 et seq., and under the terms of the defendant Hughes Non-Bargaining Retirement Plan (the "Plan"). The plaintiffs, retired participants in the Plan, seek an order and judgment declaring that they have a vested right to all or a portion of the excess Plan assets and requiring the defendants to utilize all or a portion of such excess Plan assets to provide plaintiffs and the class they represent with improved pension benefits, together with an award of attorney's fees and the costs of the action.

2. Plaintiffs and the class they represent, during the term of their active employment with Hughes, made periodic mandatory contributions to the Plan. Over the years, as a result of these employee contributions and employer contributions and investment growth earned by the contributions, a substantial surplus accumulated in the Plan, that is, the value of the Plan assets far exceeded the pension liabilities.

3. As a result of this accumulated excess, after being acquired by the General Motors Corporation, Hughes ceased making contributions to the Plan and made no contributions from 1986 to 1991, utilizing excess Plan assets to meet its funding obligations. During the same period of time that Hughes made no contributions, participating active employees were required to continue to make contributions to the Plan, and are required to continue to do so to date. Effective January 1, 1991, Hughes created a new non-contributory plan and terminated new enrollment in the contributory Plan.

4. Plaintiffs contend that the exclusive utilization of excess pension assets by the defendants for their sole use and benefit is in violation of various provisions of ERISA and part of an unlawful plan to obtain for Hughes' own use, Plan assets belonging to and dedicated to the exclusive benefit of plaintiffs and the class they represent. Plaintiffs further contend that the Plan was terminated on January 1, 1991, entitling the

participants to an equitable distribution of the surplus assets in the form of improved benefits.

PARTIES

5. Defendant Hughes Aircraft Company ("Hughes Aircraft") is a corporation which does or did business within this judicial district and elsewhere. Defendant Hughes Electronics Corp. is the parent corporation of Hughes Aircraft. Defendant HE Holdings, Inc. ("HE Holdings") is a successor, assignee, transferee and mirror of Hughes Aircraft. Defendants Hughes Defense is a successor, assignee and transferee of all or a part of Hughes Aircraft/HE Holdings which is now in the process of merging with defendant Raytheon Co. ("Raytheon"). All the corporate defendants, and their predecessors and successors in interest, are sometimes referred to, jointly and severally, as "Hughes").

6. The Plan is an employee benefit pension plan as defined in Section 3(3) of ERISA, 29 U.S.C. § 1002(3). The Plan does business in the Central District of California and elsewhere. The Plan is or was sponsored by Hughes Aircraft which is an employer, employee benefit plan sponsor, and plan administrator within the meaning of Sections 3(5) and (16) of ERISA, 29 U.S.C. §§ 1002(5) and (16). Defendants Hughes Electronics Non-Bargaining Retirement Plan, Hughes Defense Non-Bargaining Retirement Plan and/or Raytheon Non-Bargaining Retirement Plan (the "Mirror Plans") are, or are in the process of becoming successors, assigns and/or transferees, and mirrors, of the Plan.

7. Plaintiffs Stanley I. Jacobson, Daniel P. Welsh, Robert E. McMillin, Ernest O. Blandin, Richard E. Hook, Roger Bilyeu, Beatrice A. Whyld, Dr. Bernard Winikur, Frank Henderson, and Richard D. Randall are retired employees of Hughes and are participants in and beneficiaries of the Plan as defined in Sections 3(7) and (8) of ERISA, 29 U.S.C. §§ 1002(7) and (8). Plaintiffs reside in various states and locations including within the Central District of California.

JURISDICTION AND VENUE

8. The Court has jurisdiction pursuant to Sections 409(a) and 50a) and (e) of ERISA, 29 U.S.C. §§ 1109(a) and 1132(a) and (e), and under 28 U.S.C. §§ 1331 and 1337.

9. Venue is proper pursuant to Section 502(e)(2) of ERISA, 29 U.S.C. § 1132(e)(2), because the Plan (and the Mirror Plans) is administered, the breaches took place, and the defendants reside or may be found in this District.

CLASS ACTION ALLEGATIONS

10. This action is commenced pursuant to Fed. Rules Civil Proc. Rule 23(b)(1) and (2) as a class action on behalf of a class consisting of all current and past participants in the Plan (or the Mirror Plans) who are or may become eligible to receive retirement benefits under the Plan (or the Mirror Plans.)

11. The class members are so numerous that joinder of all persons is impracticable. The class consists of over 10,000 members. There are questions of law and fact common to the class, such as (a) whether a termination of the Plan has occurred requiring the equitable distribution of surplus assets to Plan participants; and (b) whether defendants have breached their fiduciary obligations under ERISA by utilizing surplus Plan assets attributable to employee contributions for the sole and exclusive benefit of Hughes rather than for the benefit of Plan participants.

12. The claims of the proposed class representatives are typical of the claims of the class and the proposed class representatives will fairly and adequately represent the interests of the class. Each of the plaintiffs, participants in the Plan, was employed by Hughes for many years until his or her retirement, and has claims typical of those of other class members. They will request the Court to direct, pursuant to Fed. Rules Civil Proc. Rule 23(d), that Hughes serve notice by first-class mail on class members of the pendency of the action, the proposed extent of the judgment, and the opportunity of class members

to intervene or otherwise come into the action, and that Hughes file proof of such service with the Court.

MATERIAL FACTS

13. Hughes is an aerospace and electronics systems manufacturing company. It was acquired by the General Motors Corporation in 1985 and became a subsidiary of the GM Hughes Electronics Corporation which is a wholly owned subsidiary of the General Motors Corporation.

14. The Plan is one of two plans resulting from the split of the Hughes Retirement Plan, originally effective January 1, 1955, and subsequently amended from time to time. The other plan resulting from the split is the Hughes Bargaining Retirement Plan.

15. The Plan is governed and its terms are evidenced by an agreement executed by Hughes on or about January 1, 1980 and thereafter amended from time to time. The Plan is a qualified pension plan which is intended to comply with the provisions of ERISA and of Section 401 and other applicable provisions of the Internal Revenue Code.

16. Effective January 1, 1991 the Plan was terminated and replaced by a new non-contributory plan covering all non-bargaining employees employed after August 1, 1990 and all non-bargaining employees employed prior to August 1, 1990 who elected not to participate in the Plan. The termination of the contributory Plan and the terms of the new non-contributory Plan are evidenced by a document executed by Hughes on April 4, 1991.

17. The Plan provides retirement benefits to eligible retired non-bargaining (non-union) Hughes employees who participate in the Plan and to their eligible beneficiaries, including the plaintiffs.

18. Under the terms of Section 3.4 of the Plan, as a condition of admission to and continued active participation in the Plan, each participant was required to make a contribution

to the Plan. In most instances, such contributions were withheld from the participants' pay by the company during each payroll period.

19. Under the terms of Section 3.1 of the Plan, the cost of benefits under the Plan, to the extent not provided by contributions of Participants, are provided by contributions of the company not less than in such amounts and at such times as are necessary to fund benefits under the Plan.

20. Under the terms of Section 3.7 of the Plan the administrator is required to maintain a participant Contributions Account for each participant who has made contributions to the Plan.

21. Commencing in 1974 (the year ERISA was enacted) the following contributions to the Plan were made by the active participants and by the company:

| Plan Year | Employee | Employer |
|-----------|------------|------------|
| 1974 | 13,621,214 | 27,242,428 |
| 1975 | 15,462,525 | 36,338,253 |
| 1976 | 19,955,945 | 50,575,021 |
| 1977 | 18,086,393 | 49,643,953 |
| 1978 | 20,701,322 | 65,044,140 |
| 1979 | 22,552,274 | 60,609,646 |
| 1980 | 22,606,766 | 59,789,473 |
| 1981 | 26,088,475 | 82,512,517 |
| 1982 | 30,882,960 | 47,137,426 |
| 1983 | 36,292,781 | 92,571,925 |
| 1984 | 39,265,444 | 82,300,148 |

| | | |
|--------------|--------------------|--------------------|
| 1985 | 38,718,786 | 24,139,676 |
| 1986 | 30,359,559 | 20,782,539 |
| 1987 | 44,981,446 | 0 |
| 1988 | 43,245,527 | 0 |
| 1989 | 47,317,008 | 0 |
| 1990 | 42,915,410 | 0 |
| TOTAL | 513,053,835 | 698,687,145 |

22. At the end of the 1990 Plan year (December 31, 1990) employee contributions since 1974 totaled \$513,053,835 and employer contributions totaled \$698,687,145.

23. As a result of these contributions and of investment growth of both employer and employee contributions to the Plan, a very substantial overfunding has occurred. By the end of the 1985 Plan year, assets exceeded the actuarial PVAB (present value of accrued benefits) by almost one billion (\$1,000,000,000) dollars. As of December 31, 1986, the current value of assets accumulated in the Plan was \$2,840,371,000 whereas the present value of accumulated benefits (vested and non-vested) was \$1,732,124,000 leaving a surplus in excess of one billion (\$1,000,000,000) dollars. The following shows the net Plan assets (assets available for benefits) and benefit liabilities (present value accumulated benefits, vested and non-vested) since 1986 at the beginning of each plan year:

| Plan Year | Net Assets | PVAB | Excess |
|-----------|---------------|---------------|---------------|
| 1986 | 2,421,752,000 | 1,448,529,000 | 973,223,000 |
| 1987 | 2,840,371,000 | 1,732,124,000 | 1,108,247,000 |

| | | | |
|------|---------------|---------------|---------------|
| 1988 | 2,993,728,000 | 1,833,520,000 | 1,160,208,000 |
| 1989 | 3,286,400,000 | 2,095,377,000 | 1,191,023,000 |
| 1990 | 3,853,602,000 | 2,644,837,000 | 1,208,765,000 |

24. At the time General Motors Corp. ("GM") acquired Hughes, on December 31, 1985, the Plan already had accumulated a substantial overfunding. At the same time, the GM retirement plan was enormously underfunded, by an amount exceeding seven billion (\$7,000,000,000) dollars. The GM plan was listed by the Pension Benefit Guaranty Corporation as one of the most underfunded pension plans in the country.

25. Shortly after GM acquired control, Hughes ceased making any contributions to the Plan. No Hughes contributions were made from the 1986 to the 1990 Plan year. During the same period of time Hughes continued to require employee contributions. Hughes under GM's control, in effect utilized the surplus Plan assets to meet its funding obligations even though a substantial portion of that surplus was generated by employee contributions and their earnings.

26. In 1989 Hughes amended the Plan to provide for an Operational Transition Plan (OTP) which provided significant additional retirement benefits out of Plan assets to certain eligible employees. The purpose of the OTP was to induce certain active employed Plan participants to elect early retirement so as to reduce the workforce and Hughes payroll costs. OTP benefits were made available only to participants who were active employees at the time of the adoption of the OTP amendment who met certain arbitrary requirements established by Hughes, and not to employees who retired prior to the adoption of the OTP amendment or who did not meet the arbitrary requirements.

27. In 1990, Hughes announced that effective January 1, 1991, it was creating a new non-contributory retirement plan

for non-bargaining employees and terminating future enrollment in the contributory Plan. All new salaried employees automatically became participants in the new non-contributory plan, and active employees who were participants in the contributory Plan were given the option of becoming participants in the new non-contributory plan. Active salaried employees who were not participants in the contributory Plan were given the option of joining the Plan or automatically becoming participants in the new non-contributory plan. Effective January 1, 1991, no new participants could be enrolled in the contributory Plan.

28. The retirement benefits provided under the new non-contributory plan are significantly less costly than the benefits provided under the contributory Plan.

29. Creation of such a new non-contributory plan meant that Hughes will not have to make any further contributions on behalf of participants of the contributory Plan as the assets of the Plan are substantially in excess of those required to fund all current and future pensions of participants of the contributory Plan.

30. Hughes will not be required to make any further contributions to fund benefits of participants of the contributory Plan but may instead improperly attempt to utilize such surplus Plan assets to fund benefits of participants in the new non-contributory plan or other plans.

AS A FIRST CLAIM FOR RELIEF PURSUANT TO SECTION 403(c)(1) of ERISA

31. ERISA § 403(c)(1), 29 U.S.C. § 1103(c)(1), provides that the assets of a plan shall never inure to the benefit of any employer and shall be held for the exclusive purpose of providing benefits to participants in the plan and their beneficiaries.

32. Defendants have violated Section 403 of ERISA by utilizing excess Plan assets attributable to employer and employee contributions for the sole and exclusive benefit of the

employer and to the detriment of plaintiffs and the class they represent.

**AS A SECOND CLAIM FOR RELIEF
PURSUANT TO SECTION 404 OF ERISA**

33. Defendants owe plaintiffs and the class they represent the fiduciary duty pursuant to ERISA §§ 404(a)(1)(A) and (B), 29 U.S.C. §§ 1104(a)(1)(A) and (B), to discharge their duties for the exclusive purpose of providing benefits to participants and their beneficiaries and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

34. Defendants breached their fiduciary duty to the plaintiffs and the class they represent by utilizing excess Plan assets attributable to employer and employee participant contributions for the exclusive benefit of Hughes rather than for the benefit of Plan participants and their beneficiaries.

**AS A THIRD CLAIM FOR RELIEF
PURSUANT TO ERISA § 203(a)**

35. ERISA § 203(a), 29 U.S.C. § 1053(a), requires that employees be 100% vested in their own contributions to a pension plan that "an employee's rights in his accrued benefit derived from his own contributions are non-forfeitable."

36. Defendants violated ERISA § 203(a) by using assets attributable to employees' own contributions to meet defendants' funding obligations and have therefore caused a divestiture and forfeiture of rights.

**AS A FOURTH CLAIM FOR RELIEF
PURSUANT TO ERISA § 4404**

37. ERISA § 4404, 29 U.S.C. § 1344, provides for the distribution of excess plan assets attributable to employer and employee contributions in the event that a plan is terminated.

38. ERISA § 4404(d)(3), 29 U.S.C. § 1344(d)(3), provides that all residual assets attributable to employee contributions must be distributed to employees.

39. ERISA § 4404(d)(1), 29 U.S.C. § 1344(d)(1)), provides that the employer may revert excess assets to itself only if:

- (a) All liabilities of the plan have been satisfied;
- (b) The distribution does not contravene any provision of law; and
- (c) The plan provides for such reversion.

40. ERISA §§ 4404(d)(2)(A) and (B), 29 U.S.C. §§ 1344(d)(2)(A) and (B) (the "Pension Protection Act"), provides that any amendment to the plan which permits reversion of surplus assets to the employer upon termination of the plan or increases the amount of the reversion shall not be effective until five years after the amendment was adopted (unless the plan is less than 5 years old in which case if the plan always had the reversion provision it is effective).

41. Under the provisions of ERISA § 4044(d)(3)(A), 29 U.S.C. § 1344(d)(3)(A), before any surplus plan assets can be distributed to the employer any surplus assets attributable to employee contributions must first be "equitably distributed" to the employees who made the contributions or to their beneficiaries.

42. By creating a new non-contributory plan for all salaried employees employed on or after January 1, 1991 and for all salaried employees employed prior to January 1, 1991 who did not elect to participate in the Plan, effective January 1, 1991, Hughes terminated the Plan within the meaning of ERISA § 4404, 29 U.S.C. § 1344, and as such is required to follow procedures established by ERISA § 4404, 29 U.S.C. § 1344, including distribution of excess assets attributable to employee contribution to the Plan participants in accordance with the statute.

43. The Plan does not contain any provision for reversion of excess assets to the employer upon termination and therefore all excess assets attributable to employer contributions must also be distributed to the participants.

**AS A FIFTH CLAIM FOR RELIEF
PURSUANT TO §§ 403-05 OF ERISA**

44. ERISA §§ 403, 404, and 405, 29 U.S.C. §§ 1103, 1104, and 1105, impose certain fiduciary duties upon plan fiduciaries.

45. ERISA § 403(c)(1), 29 U.S.C. § 1103(c)(1), requires that plan assets "shall be held for the exclusive purposes of providing benefits to participants in the plan and their beneficiaries and defraying reasonable expenses of administering the plan."

46. ERISA § 404(1)(A), 29 U.S.C. § 1104(1)(A), provides that plan fiduciaries shall expend fund assets for the exclusive purpose of "providing benefits to participant and their beneficiaries" and for "defraying reasonable expenses of administering the plan."

47. ERISA § 406(a)(1)(D), 29 U.S.C. § 1106(a)(1)(D), prohibits plan fiduciaries from causing the plan to engage in a transaction constituting a direct or indirect "transfer to, or use by or for the benefit of, a party in interest, of any assets of the plan."

48. Section 6.5(b) of the Plan provides that no amendment shall be made at any time under which any part of the Plan may be diverted to purposes other than for the exclusive benefit of the participants and their beneficiaries.

49. Hughes intends to divert assets of the Plan to pay benefits to participants of the new non-contributory plan or others who are not participants in the Plan.

50. Paying benefits from assets of the Plan to persons who are not participants of the Plan would violate ERISA §§ 403 and 404, 29 U.S.C. §§ 1103 and 1104, and Section 6.5(d) of the

Plan which prohibits using Plan assets for anyone other than Plan participants and their beneficiaries.

51. Paying benefits from assets of the Plan to participants of the new non-contributory plan constitutes an unlawful transfer of assets from the Plan to the new plan for the benefit of Hughes, a party in interest as defined in ERISA § 3(14), 29 U.S.C. § 1002(14), which, under the terms of the new non-contributory plan, is required to fund all such benefits. Such a transfer of assets is prohibited by ERISA § 406(a)(1)(D), 29 U.S.C. § 1106(a)(1)(D).

**AS A SIXTH CLAIM FOR RELIEF
PURSUANT TO ARTICLE V §5.2 OF THE PLAN**

52. ERISA § 404(a)(1)(D), 29 U.S.C. § 1104(a)(1)(D), provides that the plan fiduciaries shall carry out their duties "in accordance with the documents and instruments governing the plan."

53. ERISA § 502(a)(1)(B) provides, in part, that a plan participant or beneficiary may bring an action to "enforce his rights under the terms of the plan."

54. Article V§5.2 of the Plan provides in relevant part that the "Plan shall be administered, interpreted and applied fairly and equitably and in accordance with the specified purpose of the Plan."

55. Hughes provided OTP benefits out of the Plan assets in a discriminatory manner by making such benefits available only to certain participants who were active employees of Hughes at the time of the adoption of the OTP amendment and not to existing retirees and certain other Plan participants. By providing OTP benefits in such a discriminatory manner, Hughes breached the terms of Article V § 5.2 of the Plan and of ERISA.

RELIEF

56. Wherefore plaintiffs request a judgment against the defendants:

(a) Equitably distributing all excess Plan assets attributable to employee contributions to the Plan participants in the form of improved benefits;

(b) Equitably distributing all excess Plan assets to Plan participants in the form of improved benefits;

(c) Enjoining the defendants from using or diverting any assets of the Plan for the purposes of paying benefits under or administering the new non-contributory plan or any other plan;

(d) Appointing a neutral trustee to administer the Plan in accordance with the provisions of ERISA and the judgment of this Court;

(e) Ordering the defendants to restore to the Plan all Plan assets used to pay OTP benefits and/or pension benefits to persons who are not participants of the contributory Plan;

(f) Awarding plaintiffs reasonable attorneys fees, cost and disbursements incurred in connection with the prosecution of this action;

(g) Granting such other and further relief as the Court deems equitable, just and proper.

SERVICE REQUIRED BY ERISA

57. A copy of this First Amended Complaint shall be served on the Secretary of Labor and Secretary of the Treasury pursuant to Section 502(h) of ERISA, 29 U.S.C. § 1132(h).

DEMAND FOR JURY TRIAL

58. Plaintiffs demand a trial by jury.

DATED: December 12, 1997 SETH KUPFERBERG,
A Member of SIPSER,
WEINSTOCK, HARPER &
DORN, L.L.P.

JULIUS MEL REICH,
A Member of REICH,
ADELL, CROST & CVITAN
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/s/ Julius Mel Reich
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situated.